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**Autonomy And Genetic Predisposition:
The Relationship Between Original Organizational
Configuration And The Tendency For Autonomy**

**An Analysis Of Three Drop-In Centres
Servicing Street Youth**

By

Heike Mertins

University of Waterloo, B.A., 1994

THESIS

**Submitted to the Department of Political Science, Faculty of Arts
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Abstract

This thesis is a comparative analysis of three non-profit service providers and the effect of particular development traits on their degree of autonomy. The three non-profit providers examined in this thesis are all drop-in centres for street youth. Recent government cuts have demonstrated the clear relationship between autonomy and organizational survival of non-profit agencies. For years many have argued that the practice of relying on government funding depoliticized these organizations, many of which perform social justice work. Hence, from a political perspective, organizational autonomy has become an increasingly important issue. This thesis addresses the question of why some non-profit service providers develop into independent, self-reliant entities and others do not. The organizations examined were studied using a combination of Angelo Panebianco's genetic model and literature specific to non-profit organizations and their development. Longterm behavioural patterns were examined through a longitudinal overview of fundraising and policy making practices. This mode of analysis yields a unique means of understanding why some non-profit organizations, as a result of their degree of autonomy, are less effected by environmental changes, than others.

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I dedicate this thesis to my beloved Richard and our daughter Emily. Thank you for teaching me the importance of perspective and living each day well. Your love has sustained me.

Table of Contents

Abstract	i
Acknowledgements	ii
Chapter	
1. Introduction	1
2. Literature Review	9
3. Methodology	34
4. Servicing Street Youth in Hamilton	57
5. Youth Support in Guelph	82
6. Ministering to Street Youth	115
7. Summary and Conclusion	148
Bibliography	171

Some social service organizations are more dramatically affected by environmental factors than others. Levels of autonomy among them vary greatly. Changes to government funding for non-profit service providers, in the late 1990's, demonstrated that the non-profit service sector is also closely tied to its environment, especially government. Recent government cuts have threatened the survival of many of these organizations.

Historically, government has funded these organizations as part of its social justice agenda. Over the years many have argued that this practice also tends to create a dependency on government which results in the eventual depoliticization of these organizations. For these reasons traditional theories of organization (e.g., March and Simon:1958; March and Olsen:1984, 1989.) initially appear better suited to the study of non-profit service providers. But as we shall see there are other more fruitful approaches from the literature of political science that can illuminate the study of such organizations.

As governments continue to withdraw or severely reduce their financial support of non-profit groups, issues such as autonomy and self-reliance have become increasingly important not only from a survival perspective but also from a political one. Service providers must struggle to justify their continued existence to their non-governmental financial supporters and because the work of many of them involves social justice issues, the politics of government funding has become a more central theme in the study of such organizations.

In an effort to discover if the presence of particular factors make some non-profit social service providers more susceptible to environmental changes

than others, this thesis explores the development path of three non-profit service organizations.

The three service providers examined in this study were chosen because they offer comparable programs to similar clientele under more or less the same conditions. They are all drop-in centres offering support and guidance to street youth. They were all formed in the late 1980's/early 1990's and they are all located within a 100 km of each other in southwestern Ontario. As a result they face similar challenges within their own organizational structures and share a common external environment. Yet, despite these similarities their susceptibility to environmental change differs; they possess varying degree of autonomy with regards to their environment. One possible explanation for these differences is the presence and/or absence of particular factors at the founding of each centre.

A brief description of how each centre was developed illustrates the differing circumstances surrounding each one's inception. The first centre in this study, Centre A, is located in the City of Hamilton. It is operated by a parent organization affiliated with the United Church. It does not, however, participate in evangelical activities. Consequently, few, if any, of the youth frequenting the centre are aware of its Christian affiliation. The centre was created in response to a conference held by organizations concerned about the city's growing street youth population. As a consequence of this conference a competition was held to determine who would administer services to local street youth. The winner of this competition would be granted a government contract through the Ontario Ministry of Community and Social Services to pay for the centre's staff. The proposal submitted by parent organization A was closest to the ideal put forth by the conference and endorsed by the ministry. It was granted the contract. As a

result of this competition the centre is funded through two sources: the Ministry of Community and Social Services provides funds for staff and parent organization A finances all administrative expenditures. Centre A is only one of the several subsidiary facilities parent organization A administers.

Centre B is a drop-in centre for street youth in the City of Guelph. It was founded by two individuals seeking to help those falling between the cracks in Guelph's social services. One of these individuals became its first executive director, the other, its original vice chair. Executive director 1B was a charismatic individual whose vision inspired those around her. Initial start-up funding was provided by the United Way. Over the years it has come to rely primarily on the United Way, government funding and bingo revenues for its continued survival.

Centre C is a Christian drop-in centre in the City of Kitchener. Though it offers similar programs to those provided by centres A and B, its focus is somewhat different. Those involved at centre C perceive their social work as a means of ministering to the religious and material lives of those in need. This centre was developed by a committee investigating the need for a Christian presence among those on the street. It has always relied on the Christian community to finance its operation.

It is not terribly surprising that when taking into account the variations in their formations that these centres would develop differently. The question that remains to be answered is whether these differences affect a centre's degree of autonomy vis-a-vis its environment.

The hypothesis developed in this thesis, that variations in a social organization's original configuration may affect its development path and subsequent level of autonomy, was first discussed with reference to the development of political parties by Angelo Panebianco. His work offers a model for the comparative analysis of the organizational development of political parties.¹ His model consists of two components: (1) genetic code (those factors present at the point of origin of a political party, which, when combined, differentiate it from other parties); and (2) the degree of institutionalization ("the way the organization solidifies").² Panebianco measures the latter by (1) a party's level of autonomy with regards to its environment and (2) a party's internal degree of systemness.³ Since Panebianco's developmental theory approaches political parties as organizations and not solely from what he describes as sociological and teleological schools of thought, its application to the study of non-profit service providers is not only uncommon but also advantageous for several reasons.

As Panebianco himself states:

Most contemporary analyses resist studying parties for what they obviously are: *organizations*. This resistance is partly due to the objective difficulties involved in an organizational analysis of parties. But it is also the result of widespread prejudices and attitudes in the literature on parties that create

¹ The components of Panebianco's model are discussed in greater detail in chapter two.

² Panebianco, Angelo., *Political Parties: Organization and Power*. Cambridge: Cambridge University Press, 1988, p.49.

³ Panebianco defines systemness as the degree of interdependence present within an organization's different internal sectors. *ibid.*, p.55.

barriers between the observer and the object observed. Two prejudices are particularly common in this literature: I will define the first as the *sociological prejudice* and the second as the *teleological prejudice*. Both jeopardize serious organizational analyses of parties.⁴

Applying Panebianco's model is also advantageous for the following reasons. First, Panebianco's model provides a means for the historical and comparative analysis of similar organizations to determine their tendency to develop as autonomous entities. Since this thesis is interested primarily in why some drop-in centres are more susceptible to environmental factors than others, the connection between a party's genetic code and its autonomy discussed by Panebianco is of particular interest. His argument is that the presence or absence of particular factors at a party's point of origin determines its development path which in turn affects its degree of autonomy. His genetic model may provide a possible explanation for why some social service organizations are more susceptible to environmental factors than others.

Secondly, I believe it is important to include charisma, which Panebianco does, as a determining factor when studying the development of these organizations. Most literature on organizational analysis eschews this factor. Sometimes non-profits are created and staffed by those who see their work as a calling. This type of scenario lends itself to charismatic influences. The role of charisma in organization development is in itself not a new phenomenon. Max

⁴ *ibid.*, p.3.

Weber's treatise on social and economic organization discusses charisma at length as a factor in organizational development (Weber:1965). Therefore, I contend that a mode of analysis which does not acknowledge charisma will fail to account for the affect its presence might have on organizational development.

Thirdly, I have chosen Panebianco's model as a guide because the factors he outlines as determinants of party autonomy are also discussed in other organizational behaviour literature. More importantly, some of these patterns are documented in the literature pertaining specifically to non-profit service providing organizations. For example, Morgenbesser et al.(1981) and Carden (1976) examine the link between both administrative and financial autonomy and the ability to fulfill organizational goals, while Carden (1976) and Hsu and Marsh and Mannari (1983) discuss the effects of a parent or external sponsor on group decision-making practices. Sensor (1965) examines how a high degree of autonomy at the service provider level affects the exercise of power within the organization. Hence, a precedent exists for studying these themes. Panebianco's model simply offers a different mode of compiling and organizing my findings, a mode which lends itself to the concurrent analysis of these themes and their relation to levels of autonomy. For these reasons I believe that Panebianco's genetic model provides a comprehensive approach to the study of these organizations.

In order to create historical profiles of the three agencies studied my analysis examines the effects of each centre's genetic make-up during three points in its development. These points are periods in which problems or strategic decisions had to be made. This aspect of my analysis is based on Mayer N. Zald's theory of strategic contingency situations. He examines board

behaviour in such situations to determine the function of boards of directors (Zald:1969). Zald claims that a board of directors is most likely to assert its jurisdiction over management and the organization at specific points in its developments. He identifies three periods in which this is likely to occur: (1) during an organization's genesis when policy and guidelines are likely to be formulated; (2) during periods of organizational character formation and transformation because boards become involved when entrenched decision-making patterns are no longer effective; and (3) during periods of identity crisis which occur when the survival of an organization is threatened, or when it is merged or involved with another organization in a joint venture (Zald:1969,107-108).

It is my desire to demonstrate that by examining the effects of each genetic code during these specific periods I can show the degree to which these genetic factors can influence how power is exercised. The information derived from each of these periods is examined to determine behaviour patterns specific to each centre. The case studies are then contrasted to determine the degree to which each centre's genetic code affected its degree of autonomy and subsequent ability to deal with environmental challenges.

Zald's theory discusses particular behaviour patterns in non-profit organizations. His work can be combined with Panebianco's model to develop a sophisticated approach to the analysis of non-profit organizations. Together, these two models offer a comprehensive means of analysis. Because of this it is my desire to adopt a combination of these two frameworks as my analytical framework. Furthermore, since I have chosen to focus on the development paths of three drop-in centres this combination is a useful tool to organize what

would otherwise be three very long and indepth case studies. By combining these two models I am able to examine each centre's development path for consistent behaviour patterns which may affect their respective ability to counter environmental challenges. It will allow me to discover which centres enjoy greater levels of autonomy and are, therefore, less susceptible to environmental changes. It will also allow me to offer explanations for why each developed as it did.

Over the past thirty years scholars from various schools of thought have discussed and analyzed the organizational behaviour of non-profit organizations. Some have chosen to apply psychological principles such as personal growth and individual motivation and behaviour in an attempt to better understand the development paths of these organizations. Others have proposed an economic perspective. These address questions of economic efficiency, resource interdependency and cost benefit analysis. In still other cases theorists examined particular organizational characteristics and traits in an effort to evolve a more general theory of organizational behaviour.

This chapter provides examples of the first two of these approaches. It then discusses the third school of thought where special reference is made to Angelo Panebianco's work on political party organizations. This work provides a broader contextual framework which will serve as an analytic means for synthesizing the existing literature in this area. Panebianco's model enables one to expand upon the traits discussed in the existing literature while providing a means to structurally differentiate one non-profit organization from another. Panebianco's genetic model will serve as an alternative method for assessing organizational behaviour in non-profit organizations.

The Psychological Perspective

Dennis T. Jaffe's article "Transition People and Alternative Services" is an example of applying psychological and sociological principles to organizational behaviour. Jaffe's model explains the development pattern of a specific type of non-profit organization: alternative service providing organizations (ASO). ASOs can be defined as "organizations that view

themselves as alternatives, as significant departures in goal, mode of operation, philosophy, and structure from the traditional social service network."¹ Jaffe claims that there are two components to how an ASO develops.

There are three stages within the first component which reflect the psychological development of the organization's membership. In the first stage an individual becomes aware of an injustice, and then becomes involved with resolving the problem. During the second stage the individual perceives him/herself to be responsible in part for the perpetuation of the unjust situation. This creates a great deal of inner turmoil. An individual who reaches the third stage has resolved the inner conflict of stage two and participates in the development and promotion of an alternative counter community. Ideally, these alternative communities are consistent with the participant's belief systems. These stages are not static. Rather, they represent a continuum that allows for progression and regression (Jaffe:1973,202).

Structurally, Jaffe argues that organizations formed or administered by individuals at similar points in their development are more cohesive and conflict-free (Jaffe:1973,207). As such, he argues that an individual's level of psychological development as well as the progressive/regressive aspects of the development process are responsible for organizational tensions and contradictions (Jaffe:1973,201).

¹Bart Grossman and Morgenbesser's definition of ASO as cited in Morgenbesser et al. "The Evolution of Three Alternative Social Service Agencies." in *Catalyst* no.11, 1981 p.72.

Interestingly, the continuum aspect of this theory suggests that individuals may mature psychologically to a point where they are capable of creating stable mature organizations. For Jaffe, conflict resolution, both on a personal level and organizationally, results in the development of counterculture values and behaviour. Continued conflict, on the contrary, may lead to regression (reverting to traditional methods of conflict resolution) or the dissolution of the organization (Jaffe:1973,201;212).

In the second part of his model Jaffe contextualizes his psychological theory. Specifically, he discusses how the environment can impact groups promoting counter community values (Jaffe:1973,212-216). In particular, he outlines how attempting to meet traditional service needs while maintaining alternative values results in compromising those values. For example, traditional service organizations determine authority based on credentials, seniority, and expertise as defined by other authorities. By contrast those organizations based on counter-community values determine authority by group consensus based upon who the group feels will best meet its needs dependent on the group-defined task. Leadership is not fixed. Authority in an alternative service organization is based on an individual's experiences, skills, and talents as they relate to the program's goals and as they are affirmed by other leaders and authorities (Jaffe:1973,212).

Economic Perspective

Articles written about non-profit organizations from an economic perspective tend not to discuss individual or organizational behaviour. Rather,

they tend to be interested in issues such as economic efficiency, market impact, and the cost/benefit factors of these organizations.

A.G.Holtman's "Theory of Non-Profit Firms" addresses the issue of economic efficiency. His approach applies profit-based efficiency criteria to non-profit organizations (Holtman:1983,439). He attempts to reconcile questions of pricing strategies and how they are affected by product availability, the value consumers place on availability, and the presence of profit maximizing organizations that provide the same or similar products. He does so by developing a model that takes into account each of these factors as well as their impact on various pricing strategies. He concludes that when demand is stochastic (random) the presence of a profit-oriented firm driven to maximize its cost efficiency will positively affect the efficiency levels of its non-profit counterparts (Holtman:1983,442).

McKean and Browning's "Externalities from government and non-profit sectors", approach the subject of non-profit organizations from a different economic perspective. They focus on the impact of non-profit organizations in a market driven economy. In particular, they argue that non-profit organizations create externalities or market spillovers similar to those usually associated with the private sector (McKean, Browning:1975,574).

First, they discuss how the phenomena that define private sector externalities are applicable to government and non-profit sectors such as hospitals, private schools, research organizations, and churches (McKean, Browning:1975,578). They then elaborate upon this by illustrating how internal and external factors create spillovers and how these impact on government.

The latter part of the McKean and Browning article discusses some of the external impacts caused by government programs and interventions. Through work like theirs this belief has become an accepted position today.²

Though both of these approaches offer a means of analyzing non-profit organizations they do not explain why some organizations develop more autonomously than others. The psychological perspective focuses only on how an individual's psychological development impacts an organization. It does not examine the effects of other variables. Articles written from an economic perspective primarily examine the role played by non-profit organizations in the market place. Neither discusses the development or behaviour of these organizations as entities in and of themselves. Hence, in order to gain insights into these areas an alternative approach is needed.

If one is to comprehend the possibilities, challenges, and the limitations of alternative service organizations, their organizational structures and cultures need to be examined. This involves questions such as: to what degree does financial autonomy determine an organization's ability to implement its goals? What role do boards of directors play in determining how power is exercised? Are some organizations more prone to failure than others? If so, why? Not surprisingly, many of these issues have been discussed in the third body of literature to which we now turn.

² McKean and Browning point out that in 1975 when they were writing "economists were reluctant to consider the idea that government itself can generate externalities" (McKean, Browning: 1975, 575)

Much of the research on organizational structures and cultures attempts to isolate specific factors and explain their effects. Though some scholars have linked the presence of more than one factor to specific development patterns, most have chosen to focus on the impact of one, or a very few specific factor(s). To date, this has been informative and, depending on the work, has anticipated a more comprehensive approach to understanding these organizations. However, many of these analyses lack historical context.

For instance, in "The Power and Function of Boards" Mayer N. Zald examines why some boards are more influential than others. He argues that a board's level of influence can be directly correlated to its ability to control resources. Resources are defined as "detachable resources, personal characteristics, and strategic contingency situations" (Zald:1969,98). Each of these is then divided into subcategories. Detachable resources are broken down into external bases of power such as stockownership, external funding and facilities control, community legitimization, and internal resources such as knowledge. Personal characteristics and participation examines how socioeconomic status and gender can affect a board's degree of influence. Strategic contingency situations explore three distinct stages of an organization's life cycle and the effect of each of these stages on a board's degree of influence. Zald lists these stages as the organization's point of origin, its period of character formation and transformation, and periods of identity crisis and succession. Overall Zald argues that control over these resources will maximize a board's degree of influence (Zald:1969,100-108)

To determine the presence of specific trends and their possible long term impact, we need to examine an organization's historical context. It is my

contention that the presence or absence of the particular resources noted above need to be examined in conjunction with the organization's historical formation pattern. I believe that such a model can be based on Angelo Panebianco's genetic model for analyzing development patterns in political parties. Panebianco defines an organization's genetic code as the characteristics/factors that, when combined, give an organization its mark, its individuality (Panebianco:1988,49). Because Panebianco's methodology focuses on organizational behaviour, I intend to apply his model to illustrate how and to what degree non-profit organizations are affected by their genetic codes. Furthermore, I will demonstrate that Panebianco's model is well suited to this task since his findings, derived from the study of political parties, reflect similar results found in the works of non-profit organization scholars.

The next section of this chapter briefly outlines the basic principles of Panebianco's model. The model is comprised of three genetic components. Each of these is discussed in conjunction with research relevant to each component's particularities. The material that will be discussed is an assortment of works by several different scholars. The analytic similarities between these two bodies of work, in conjunction with the general theoretical value of Panebianco's model, makes it useful as a conceptual guide for analyzing alternative service organizations.

Component One: Organizational Formation Patterns

Panebianco suggests that the presence or absence of particular factors at a party's point of origin (its genetic code) determines its organizational structure and as a consequence, its power structure, development process and

lifecycle (Panebianco: 1988,51- 52). The first factor is the organization's construction and development (Panebianco: 1988,50).³

Parties may be formed through territorial penetration, territorial diffusion, or a combination of the two (Panebianco: 1988,50).

"Territorial penetration occurs when the "center" controls, stimulates, or directs the development of the "periphery". Territorial diffusion occurs when development results from spontaneous germination: local elites construct party associations which are only later integrated into a national organization (Panebianco:1988,50).

"Mixed" organizational development occurs when "a number of local associations autonomously spring up in various parts of the country and only later unite to form a national organization "(Panebianco:1988,51).

According to Panebianco, the presence or absence of each of these formation patterns affects the organization's structure in a particular way. Parties formed through territorial penetration are normally developed by one individual or a small contingency of elites. The presence of a limited number of initial power brokers tends to result in a more cohesive "center". The power structure is usually hierarchical and the decision-making process more centralized. By comparison, parties that develop through territorial diffusion are likely to be less

³Panebianco credits the work of K. Eliassen and L. Svaasand "The formation of Mass Political Parties: An Analytical Framework" with developing this approach. K. Eliassen and L. Svaasand, "The formation of Mass Political Parties: An Analytical Framework," in *Scandinavian Political Studies*, X (1975), pp.95-120.

cohesive and more complex. Organizations formed through territorial diffusion are the result of merging several autonomous organizations. The power structure among these organizations tends to be more decentralized as each faction attempts to maximize its autonomy within the newly formed organization (Panebianco:1988,51). Panebianco borrows this concept from the work of K. Eliassen and L. Svaasand, and notes its divergence from Duverger's theory of internally and externally created parties (Panebianco:1988,50).

Component Two: External Sponsorship

The second component of Panebianco's model addresses the presence or absence of an external or patron sponsor. His model discusses how an organization's degree of autonomy or dependence affects its stability. Panebianco argues that organizations formed by external sponsors tend to be less independent (Panebianco:1988,55-56) This is not a new concept. Pugh et al. (1969) have shown that the more dependent an organization is on its parent organization the less likely it is to become autonomous. Hsu, Marsh, and Mannari (1983) have also illustrated that generally decision-making is centralized at the parent level.⁴ Extrapolating from their work, one may deduce that a sponsored organization, whose decision making capacities are restricted, tends to be influenced more by its environment in comparison to its independent counterparts. In the case of non-profit organizations a low degree of autonomy may negatively affect its longterm existence.

⁴ refers to D.S. Pugh, D.J. Hickson, C.R. Hinings and C. Turner's article "The Context of Organizational Structures" in *Administrative Science Quarterly* 14:91-114 1969.

Furthermore, Panebianco argues that the presence of an external sponsor tends to limit the sponsored organization's administrative and financial autonomy. These limitations affect the sponsored organization's position of power vis-a-vis its environment (Panebianco:1988,55-56,64). Administratively, sponsored organizations tend to have a greater number of standardized procedures than their less dependent counterparts (Hsu, Marsh and Mannari:1983). This creates less flexibility and freedom of action for those working at the sponsored organization level.

The sponsored organization's autonomy is further compromised as leadership is legitimated at the external sponsor level. In this case, the party is then perceived as an "arm" of the original organization (Panebianco:1988,51). Decision making is centralized at the parent level of the organization.

Financially, budgets and fundraising efforts are primarily controlled by the parent organization, but the degree of control exercised by the parent organization may vary. Maren Carden, like Panebianco, documents the role of the external sponsor. She explores this theme in her discussion of voluntary church organizations. She too argues that an organization's degree of financial and administrative autonomy determines its ability to fulfill its agenda (Carden:1976,145). In particular, she documents how the differing financial situations of three volunteer church groups affected their ability to introduce feminist ideals. Those organizations with a higher degree of financial and administrative independence from their parent organization were more successful than those reliant on such organizations.

Morgenbesser et al.(1981) provide a similar example of how financial autonomy affects non-profit service providing organizations. Their case provides an interesting companion piece to Carden's observations. Whereas Carden discusses organizational autonomy with reference to parent organizations, Morgenbesser et al. discuss organizational autonomy with reference to environmental factors. Like Carden, they argue that the higher the degree of financial autonomy, the greater its autonomy will be in other areas, (i.e.. fulfilling its own agenda and implementing its desired power structure).

Morgenbesser et al. examine three non-profit service providing organizations, each of which originally stated its desire to create a non-hierarchical collective type of organization. They found that the organization most reliant on government and/or outside foundation funding developed the most hierarchical and formalized power structure of the three organizations studied. This was attributed in part to the stipulations and expectations associated with securing this type of funding (Morgenbesser et al.:1981,77; Powell:1986,66). The second organization was able to secure funding from traditional sources for some aspects of its program, but not for others. This situation led to an internal conflict over how the organization ought to be funded. After much deliberation, the organization's members chose to open a subsidiary business and to refrain from involvement with government funding. This alternative solution allowed the members to retain autonomy over the organization's power structure. Hence, they consciously chose not to implement a hierarchical power structure (Morgenbesser et al.:1981,76-77). The third organization studied found itself in an environment even less generous than the second organization. Funding was next to impossible to secure for any aspects of the organization's programming. The founder's solution

was to implement a sliding fee schedule. This funding strategy limited dependence on outside sources, and they too were able to implement their desired non-hierarchical collective power structure.

Clearly, financial and administrative autonomy are concepts that are applicable to both political parties and ASO's. Both Carden and Morgenbesser et al. illustrate not only the universality of these principles, but also that they are applicable to non-profit organizations as well.

Component Three: Charisma

Panebianco's third factor details the impact of charismatic leadership on the party formation process. Interestingly, the presence of charismatic leadership disrupts the predictability of the other two factors in his genetic model. Panebianco argues that the presence of a charismatic leader results in cohesive organizational structures regardless of the organization's formation pattern. It is the talents of a charismatic leader that enables him/her to unite the most contentious of factions.⁵ It ensures the implementation of a highly centralized power structure, one in which the charismatic leader retains control (Panebianco:1988,66). It is worth noting that the effects of charisma are limited when an external sponsor exists. In these cases, it is only tolerated in the form of situational charisma. The sponsoring organization then retains ultimate power and the charismatic leader may lobby and barter with the parent organization in order to implement change (Panebianco:1988,52).

⁵It is the role of the charismatic leader to "clarify goals that the group should achieve and then create confidence in its members that they may achieve them"(McClelland:1984,65). It is this function that enables them to unite contending factions.

Power is often thought to derive solely from legalistic means (civil laws, organizational by-laws, and so on). Therefore, it is important to note here that it may also be derived legitimately from charismatic authority. The latter is one of the "three pure types of legitimate authority" discussed by Max Weber in his treatise "The Theory Of Social and Economic Organizations" (Weber:1965,328). Charisma, as a source of authority, establishes the leader's ability to affect what, under most circumstances, would fall to those legally responsible for the organization. The presence of a charismatic leader introduces a legitimate alternative to legal authority. This broadens the spectrum from which these organizations and their development patterns may be analyzed systematically. To do so introduces a variable not otherwise taken into consideration when working within a strictly rational model of analysis.

Because this thesis explores the possible impact of charismatic leadership, it is necessary to first define charisma and, secondly, to discuss briefly its routinization. This will explain not only what charisma is but also show how organizations formed by charismatic leaders continue to be affected overtime by the initial presence of such leaders.

Charisma in itself is not a "basis of the claim to legitimacy" (Weber:1965,359). "This basis lies rather in the conception that it is the duty of those who have been called to a charismatic mission to recognize its quality and to act accordingly" (Weber:1965,359). Acting accordingly involves personal devotion to "the possessor of the quality" (Weber:1965,359). Without this devotion charismatic authority disappears. Yet, this personal devotion should in no way be misconstrued as submissiveness. Rather, charisma tends

to bring about feelings of inspiration and empowerment to those exposed to it (McClelland:1984,65). In other words, charisma creates a group of followers who believe they are capable of fulfilling the mission set before them by a charismatic leader.

Panbianco describes the routinization of charisma as the process of transferring power from the leader to the party (Panbianco:1988,53). The organization's desire to become more stable is often a key motivator for doing so. Charisma in its pure form is unstable, and can only exist in the process of founding (Weber:1965,364). In order to become a stable entity, according to Weber, routinization is necessary (Weber:1965,364).⁶ One method of doing so is the development of standardized policies and procedures. Established patterns of order enable an administration to meet the everyday needs and conditions of an organization. From a structural perspective they lessen the leader's power, create avenues for others to assume more responsibility, and increase continuity within the organization's operations. Needless to say, this is unlikely to occur in the presence of a charismatic leader. He/she would resist all attempts to compromise his/her power. Furthermore, since the charismatic leader enjoys the devotion of the organization's membership, it is also unlikely that the membership would challenge his/her legitimacy.

However, routinization can occur when "the ideal and also the material interests of the followers in the continuation and the continual reactivation of the community as well as the still stronger ideal and also stronger material interests

⁶ Organizational stability in this case refers to "taking on the character of a permanent relationship forming a stable community of disciples or a band of followers or a party organization or any sort of political or hierocratic organization" (Weber: 1965,364).

of the members of the administrative staff, the disciples or other followers of the charismatic leader in continuing their relationship" exists (Weber:1965,364).

This process of routinization may also be brought about by the departure of a charismatic leader. There are several different means to resolve such a situation, each of which is legitimated by a different selection process. Weber lists the following methods: (a) a successor may be chosen based on criteria which fit him/her for the position of authority; (b) a successor may be chosen by revelation manifested in oracles, lots, divine judgement or other such techniques of selection; and (c) a successor may be designated by the original leader and be recognized as such by the followers. There is (d) the designation of a successor may be made by a charismatically qualified administrative staff and be recognized by the community; (e) by the belief that charisma is hereditary and (f) by the conception that charisma may be transmitted through ritual. In each case the new leader's authority is legitimated by a selection process which is based upon set standards. Hence, succession becomes a matter of fulfilling legalistic or traditional standards. Power becomes rationally or traditionally based dependent on the chosen process and charisma is routinized (Weber:1965,364-366).

Needless to say, as the self-preservation of the organization becomes paramount, the anti-economic character often associated with charismatic groups is altered (Panebianco:1988,53; Weber:1965,369-370). It is during this period that organizational goals, decision-making practices, and the locus of control may shift. Without addressing the characteristics and impact of charisma, the longterm effects of charismatic leadership at an organization's point of origin could not be assessed.

Most research dealing with the question of authority in alternative service organizations has been conducted from a rational perspective. While this is helpful, it is my contention that to exclude charismatic leadership as an explanatory variable in an organization's development limits one's understanding by failing to address the nuances that may differentiate one pattern of development from another. As such, Panebianco's model, with its inclusion of charismatic leadership, appears to be a more effective model from which to extrapolate.

Limitations of Panebianco's model

Unfortunately, the circumstances under which the organizations studied in this thesis were formed limit the applicability of Panebianco's model. Two of the three organizations observed in this thesis were formed through territorial penetration. Extrapolating from Panebianco's work, one would expect them to possess cohesive centers where authority is strongly centralized. But this is not the case.

The external environment is only one of several factors affecting the development pattern of political parties. It is, however, the dominant factor in the organizational development of the non-profit organizations examined in this thesis. This is due to the fact that Revenue Canada determines the financial constraints under which service providing organizations must operate. Revenue Canada grants charitable status: a crucial component to an agency's survival. Without this status, an organization is unable to issue tax receipts for donations. Since the lack of tax receipts dissuades individuals from donating,

the inability to issue such receipts invariably limits an agency's fundraising potential. It also makes it impossible to apply for grants and other foundation monies available only to registered charities. Consequently, the majority of these organizations must acquire charitable status. As a result, they are beholden to Revenue Canada.

They are beholden to Revenue Canada in the sense that to qualify for charitable status an agency must adhere to specific criteria set out by the federal government. One such imperative involves the formal solidifying of an organization's structure: financial records must be audited annually by a qualified external source; a board of directors must be named; policies and procedures have to be enacted; organizational by-laws must be established; and political advocacy must not occur (Revenue Canada: T40063(E) Rev.94:8,9,10,13). This process coerces an agency into adopting a specific organizational structure. It creates a context which ensures that non-profit service providing organizations adopt a specific organizational structure, one in which a board of directors retains ultimate power.

Administratively, it compels the organization to formalize its practices and to institutionalize (Panebianco:1988,47). Institutionalization in this instance refers to "the way the organization 'solidifies'".⁷ For example, a board of directors responsible to Revenue Canada must make the preservation of the organization one of its primary objectives. Consequently, the development of such interests is ensured. Diffuse loyalties are also created in the process. According to Panebianco, these two developments "simultaneously bring about

⁷ Panebianco, Angelo. "Political Parties: Organization and Power" p.49.

institutionalization" (Panebianco:1988,54). Therefore, the requirement to fulfill Revenue Canada's demands, while addressing the needs of the organization and of its clients, culminates in its institutionalization (Panebianco:1988,54). Therefore, unlike political parties, the tendency for a social service providing agency to institutionalize is a moot point; institutionalization is a foregone conclusion.

According to Panebianco, it is the degree of institutionalization experienced by a party that differentiates it from other parties (Panebianco:1988,55). Institutionalization is measured by "the organization's degree of autonomy vis-a-vis its environment, and its degree of systemness" (the degree of interdependence that exists among the organization's different sectors) (Panebianco:1988,55).⁸ However, where non-profit service providing organizations are concerned, differentiating by degree of organizational institutionalization fails to take into account the dominant role of the environment. Hence, it alone is not a valid measure to differentiate one non-profit service providing organization from another.

Unlike the determinant effect of specific factors at a political party's point of origin, their presence at an agency's founding does not necessarily determine its tendency to institutionalize. Their influence is limited and must always be couched within the broader parameters of the organization's imposed structure. However, within these parameters, these organizations continue to develop different degrees of autonomy. These variations may initially be less pronounced than those within clearly established political

⁸ A similar continuum will be adopted for this analysis.

parties, but they do exist. Though limited, their presence thus continues to influence an organization's development path. To summarize, an organization's development path is defined first by the environment and, secondly, by the organization's genetic code. Therefore, simply applying Panebianco's method to non-profit service providing organizations would be inadequate and perhaps misleading. The limitations placed on these organizations by their environment must be taken into account. After all, it is the dominant role of the environment that creates a common organizational structure among these groups which is different from that of political parties.

The mandatory creation of a legally responsible board of directors results in the development of a new dynamic not accounted for by Panebianco's model. The board/staff relationship in non-profit service providing organizations needs to be discussed in some detail because it affects an organization's development path. It, therefore, needs to be incorporated into Panebianco's model in order to examine these organizations more accurately. This will provide some insight into how these organizations function. It is worth noting at this point that much of the literature that discusses board dynamics refers to American organizations and for the most part examines large non-profit organizations such as universities and hospitals. As the organizations studied in this thesis are both smaller and Canadian, it is, once again, necessary to extrapolate from the general themes within the literature in order to apply them to the smaller non-profit service providing organizations examined here.

Whereas it would be easy to argue that a board of director's legal responsibilities establishes it as the organization's legitimate source of power, this would yield only a partial understanding of what occurs within these

organizations.⁹ It would, however, also be incorrect to dismiss a board's legal position when discussing the exercise of power in these organizations. Numerous factors affect how power is exercised within an organization. Some decisions, such as hiring or firing an executive director, for example, must always ultimately rest with the board (Zald:1969,109). Yet, who is involved in the process of making such a decision and the manner in which such a decision is arrived at, tells much about how power is exercised within these organizations. Though the board must ultimately make the decision, other non-board individuals may be involved in the process culminating in the final decision. It is not surprising, then, that a board's legal power is simply assumed and the literature focuses on the factors that determine how its power is exercised.

I suggest, as have others, that though a board possesses legitimate authority, numerous factors affect its degree of influence at various stages of an organization's development. Zald, for example, outlines circumstances where a board of directors becomes the true centre of power. He correlates various periods in an organization's development with a board's ability to exercise power. He argues in his article "The Power and Function of Boards of Directors" that a board tends to exercise its jurisdiction over an organization at during three periods of its development: 1) at the organization's genesis; 2) during the formation and transformation of its organizational character; and 3) when an identity crisis occurs.

⁹ For a more indepth discussion on the legal aspects of non-profit boards, see Howard L. Oleck, **Non-profit Corporation, Organizations, and Associations**, 3rd Ed., (Englewood Cliffs, New Jersey: Prentice-Hall, 1974.)

Board influence is maximized at an organization's genesis due to a heavy emphasis on policy formulation, job descriptions and expectations, and operation procedures during this period. Since these tasks fall under board jurisdiction, this stage enables a board to wield a great deal of influence (Zald:1969,107).

Character formation is the process by which an organization develops "standardized procedures and modes of resolving recurring and basic problems within the organization and with the organization's environment" (Zald:1969,108). These practices become routinized in an organization's daily operations and become its standard operating pattern (Zald:1969,108).¹⁰

Character crises occur when established procedures and modes of handling problems are found lacking or inadequate. Since these practices may have been established and then legitimated through an organization's culture at the staff/agency level, it is difficult, if not impossible, for them to be resolved at this same level. The inability to alter an organization's culture renders staff incapable of establishing new policies. According to Zald, this places a board in a strong strategic position to exercise its legal authority. Exercising a board's legal powers may be the sole means of overcoming this type of dilemma. Hence, not only do these circumstances enable a board to exert a great deal of influence but, from an organization's point of survival, it may be necessary (Zald:1969,108).

¹⁰ Zald borrows this definition of organizational character from Philip Selznick, Leadership in Administration, (New York: Harper & Row, 1957).

An organization may undergo an identity crisis when it merges with another, becomes involved with other organizations in shared undertakings, or when its existence is threatened, as in the case of the departure of a charismatic leader (Weber:1965,364; Zald:1969,108). Since an organization's survival is the legal responsibility of a board, it is not surprising that as it becomes most fully involved, it is most likely to have greater influence under such circumstances.

James Sensor approaches the question of how power is exercised from a different perspective. Rather than focussing on the circumstances that maximize a board of directors influence, he reflects on what enables an executive to maximize his/her influence (Sensor:1965,419). Similar to Zald, he suggests that specific circumstances provide executives with opportunities to limit a board's level of influence. In particular, he argues that an executive director's degree of influence is determined by such things as board isolation resulting from the totality¹¹ of the organization, solidarity between the executive director and staff, control over communication,¹² board homogeneity, and board member expectations (Sensor:1965,420-27).

Sensor argues that the more self-contained and self-sufficient an organization is the greater the opportunity for an executive director to exercise

¹¹ Totality in this case implies that all aspects of organizational life are location specific, structured, highly scheduled, reflect the organization's greater goals, and are under the jurisdiction of one supervisor at the staff level (Sensor:1965, 420). This concept is borrowed by Sensor from Erving Goffman's work "The Characteristics of Total Institutions" in Amitai Etzioni, ed., *Complex Organizations: A Sociological Reader*, (New York: Holt, Rinehart and Winston, 1961), p. 313-314.

¹²ibid., p.422. Sensor demonstrates that the ability to control communication is related to the presence of highly technical/ professional staff.

power. Staff ability to operate an organization without board input relegates a board's organizational role to the periphery.

High levels of support from staff also enhance the position of an executive director: "he can more easily resist change and innovations and thwart policy decisions" (Sensor:1965,422). Under these circumstances, an executive director may appear to comply with board decisions. However, his/her endorsement of all changes becomes the key determinant in their implementation.¹³

Controlling communication is a means of securing power. Sensor, along with Martin and Sims, Chisholm and Zald also document how control over information affects power positions (Martin and Sims:1974; Chisholm:1989; Zald:1965,1969). Sensor is, however, the only one of the group to note that a board may be excluded by an executive director who has the ability to control the channels of communication.

Board composition and cohesiveness is also examined by Zald in his case study of succession in a large welfare organization (Zald:1965). Interestingly, it is Zald's work on leadership succession that provides the case study for Sensor's theoretical piece. Zald's analysis of the succession process in a large non-profit organization illustrates how an executive director may take advantage of an organization's structure to indirectly affect the selection of

¹³ This process of forging alliances or solidarity is also discussed by Norman H. Martin and John Howard Sims in their eight tactics of power. Martin, Norman H. and Sims, John Howard., "Power Tactics" in *Organizational Psychology: A book of readings*, 2nd. Ed., Eds. David A. Kolb, Irwin M. Rubin and James M. McIntyre, (Englewood Cliffs, New Jersey: Prentice-Hall, 1974), pp. 177-182.

his/her successor. Further insights into the process is provided by Candace Widmer and Melissa Middleton's examinations of the types of expectations and agendas board member possess (Widmer:1989; Middleton:1989). Cyril O. Houle's work is also of interest as it details who should be on a board of directors and what skills they ought to possess (Houle:1989).

If one is to develop a better understanding of non-profit service providing organizations the factors analyzed by these scholars need to be examined in a broader context, such as the one proposed by Panebianco. For example, charisma will surely increase the influence of an executive director over staff and enhance his/her ability to control communication. It follows that an organization's formation pattern affects levels of board homogeneity, and the presence of an external sponsor must also affect the degree of isolation tolerated by a board. The dichotomy outlined by Sensor and Zald reflects the duality which exists in these organizations. Power is often in flux and determined by a myriad of factors. Therefore, though Panebianco's model is useful as a guide for assessing the capabilities and lifecycles of these organizations, modifying it to account for board/staff dynamics and the environment's dominant role in organizational development will result in a more accurate assessment. These modifications will be discussed in more detail in the following chapter.

Regardless, Panebianco's model is applicable because several of the trends discussed by those studying non-profit service providing organizations and organizational behaviour in general are also visible in his work. More importantly, however, Panebianco provides a useful guide for analyzing non-

profit service providing organizations in a more contextual and comprehensive manner.

As the organizations discussed in this study will illustrate, even though they possess a fixed organizational structure, their development patterns continue to be influenced by their genetic codes. The codes may not determine their tendency to institutionalize, but the presence of specific factors at their point of origin continues to affect their development patterns and longevity.

This chapter outlines the research methodology employed in this case study. First, it discusses how information was gathered. Second, it suggests how Panebianco's genetic model might be modified to account for structural variations present in non-profit organizations.¹ Third, it provides a brief overview of how the information was organized so that it could be systematically analyzed and compared.

Data Collection Process

Data collection was a three step process. Fortunately, participants were co-operative and helpful during all three phases. The first step involved examining written records such as meeting notes, reports, policies and procedures, and other available documentation. A historical profile of each organization was then compiled based upon this material.

The second step involved performing tasks such as conducting client surveys, participating in the drop-in centre, helping with grant proposals, organizing various materials, and consulting with executive directors. This process of participant observation resulted in the accumulation of information that otherwise would not have been as easily or as quickly been available. The accuracy of new information and questions arising from this exercise were noted and later pursued during the interview process. This exercise provided valuable insight into daily routines as well as an opportunity to collect more data for each organization's historical profile.

¹This modified version of Panebianco's model is later used to examine and analyze the organizations studied in this thesis.

The third step of interview process involved confirming the validity and accuracy of the information collected. In order to accomplish this task, personal interviews with both past and present key figures of each organization were conducted. In an attempt to gather as much information pertaining to each of the three time periods studied, where possible, founding members, original executive directors, original staff members, subsequent staff and board replacements, current board members and executive directors/program coordinators were interviewed. Notes were taken during each interview. All interviews were tape-recorded and later transcribed.

Questions varied dependent upon each individual's level of involvement. Open ended questions pertaining to the following subjects were asked: (1) the history of the centre and its founders; (2) leadership within the organization; (3) individual levels of responsibility, i.e. program development, fundraising, policy development, administration, finances; (4) the board/staff relationship (board expectations, staff expectations, variances); (5) organization specific issues, crises, difficulties and their resolution i.e. staff reductions at centre B, centre C's Foundation for Freedom; and (6) notable changes. Overall, this three step process served to cross-reference all gathered information and ensure its reliability.

It is important to note here that the data derived from written documentation varied from one organization to another. Two of the organizations possessed a great deal of documentation, with one possessing more information than the other. This was due to the fact that the original chairperson was still involved in the project and had kept copies of all available documentation. This organization, therefore, possessed the greatest amount of

written documentation. The other organization possessed less physical data than the first but more than the third. It had kept fastidious meeting notes from all of the committees involved with the organization. Therefore, it too possessed a good deal of written documentation. The third organization was a sponsored organization, and most of its routine policies and procedures had been set by a parent organization. As such, its organization specific documentation was limited in comparison to the other two groups. In this case, greater emphasis was placed on the interviewing process and post-interview consultation at both the sponsor and service providing level. Doing so ensured that the accuracy of observations.

Incorporating Structural Variations Into Panebianco's Genetic Model

As previously discussed, there are limitations to applying Panebianco's genetic model directly as a guide for studying non-profit service providing organizations. To reiterate, this is due to the process each organization must undergo in order to be granted charitable status. Specifically, the mandated creation of a board of directors establishes the board's legal authority as the legitimate source of control. However, as the literature indicates, the board/staff relationship is not so clearly defined. Depending on a number of variables, how and by whom power is exercised tends to fluctuate greatly within an organization as well as between organizations. To determine whether these differences may be due to genetic factors (as Panebianco suggests is the case for political parties) I attempted to reconcile the literature pertaining to the board/staff organizational structure of these organizations with Panebianco's genetic model. In the process a number of different genetic patterns were

derived from Panebianco's original model. The following sections outline and explain these possible configurations within the context of Panebianco's model.

Formation Patterns

According to Panebianco, organizations may be formed through either territorial penetration, territorial diffusion, or a mixture of these two formation patterns. To be brief, Panebianco argues that organizations formed through territorial penetration are created by either one individual or a small elite whereas those formed through territorial diffusion are the result of merging several previous autonomous organizations. Each of these patterns, according to Panebianco, yields differing organizational traits (Panebianco:1988,50). As we will see, this also holds true for non-profit service providing organizations.

Territorial Penetration and the non-profit service providing organization

Non-profit service providing organizations formed through territorial penetration are created in one of the following three ways:

(1) Board Level Penetration

A non-profit service providing organization may be created by an elite faction whose members are involved in the organization at the board level. This type of formation pattern causes power to be centralized at the board level. Within this context power resides specifically with an elite group which controls a board or with the organization's founder. This type of formation pattern

enables founding member(s) to recruit staff based upon board defined criteria. Power remains highly centralized and the organization tends to be hierarchical.

(2) Joint Level Penetration

In this case, an organization is formed by a small group whose membership comprises both board members and staff. Under these circumstances, decision-making, though controlled by a forming elite, may initially yield greater levels of co-operative, bi-level decision-making. Responsibility for an organization's development and growth is shared amongst board members and the agency's staff. Initially, power tends to be less concentrated at the board level in this type of organization and more informally decentralized throughout the organization.

Unfortunately, this type of formation pattern tends to exacerbate organizational crises. Organizational practices based on the sharing of power cannot continue to function properly if the existing power arrangement is unable to resolve a crisis situation. Under such circumstances, a board's legal responsibility for organizational survival requires that it invoke its legal jurisdiction over the organization to maximize the possibility of finding a solution. A power struggle occurs between a board and its forming elite. In the process of exercising its de jure power, decision making is centralized at the board level, relegating original practices based on board/staff co-operation to the periphery. To summarize, the process of subordinating previously sanctioned practices and the power struggle that ensues creates a situation that does not exist in organizations formed through board level penetration. The forming elite and those possessing de jure power are one and the same. This

additional component makes crisis resolution more complex and difficult for this type of organization.

(3) Staff Level Penetration

A third possible structural configuration may occur when an organization is formed by an individual or a small elite at the staff level. In this case, one individual, or a small group working or intending to work at the staff level, recruits the board of directors. Boards formed under these circumstances take on one of two roles:

(a) A board may become what is referred to as a paper board. This type of board functions by lending names and reputations to an organization without assuming control over it. The organization's development path is defined at the staff level with little or no consultation taking place with the board of directors. Organization policies and decision-making practices are developed at the staff level. Some consultation may take place, but for the most part the board's role is to ratify what has been decided by those at the staff level. Power and control appears, at least initially, to be centralized at the staff level.

Several problems may arise in this type of formation. The sober second thought regularly provided by a board occurs only at the request of the executive director or staff. In other words, though a board is legally responsible it can be unaware of organizational crises. Furthermore, by restricting a board's role the organization limits the number of individuals working to ensure its survival. The fewer the participants the less likelihood there is of reaching a

resolution. In extreme cases, an unresolved crisis at the staff level can cause irreparable damage to a social service agency resulting in its demise.

Of all three formation patterns, staff in this type of organization assume the burden of responsibility. This can create difficulties when problems arise due to poor leadership at the staff level. Though competent leadership can exist at either the board or staff level, the lack of a sober second thought process creates problems that are not inherent in the other formation processes.

An organization whose development path is defined at the staff level possesses few support resources. When staff are faced with a problem they are unable to resolve, a crisis may arise. In this case staff cannot rely necessarily on a board of directors to help resolve the dilemma. Though legally responsible for an organization, a paper board may lack the commitment, will, interest and/or expertise to resolve such a crisis. Hence, such organizations are more inclined than others to flounder until either the staff resolve the issue or the organization ceases to exist. Needless to say, this too may shorten its lifespan.

This does not mean that these organizations are destined to fail. The de jure power of a board is the result of its acquiring charitable status and ensures the possibility of continued existence. A crisis may provide a board with the opportunity to discard its paper role and exercise legal jurisdiction. Such action on a board's part may give rise to a power struggle between the board and those in control at the staff level. It is, however, a better alternative than allowing a crisis situation to destroy an organization. This power struggle must be resolved before an organization can address the original crisis. As this further delays resolving the original issue, which may have to be resolved within

specific time restrictions, it complicates the situation even more. Neither of these scenarios tends to increase an organization's stability or prolong its longevity.

(b) An executive director or staff may recruit board members with the expectation that they function as legally responsible board members. Though power tends to be shared initially in such a scenario the development path of the organization continues to be defined at the staff level. The role assumed by a board in this instance is determined more so by the organization's staff in conjunction with the board than by the board's legal jurisdiction. This does not, however, affect its legal jurisdiction over the organization, only the role it chooses to play. A board's increased level of involvement in an organization's affairs places it in a better position to offer support and guidance during periods of crisis.

Unfortunately, similar to paper boards and those organizations formed by individuals at the board and staff level, during periods of crisis where an organization's staff are unable to resolve a dilemma satisfactorily these boards may also become immersed in power struggles with those exercising control at the staff level. Still, in comparison to paper boards, their greater degree of involvement provides them with a strategic advantage that does not exist for paper boards. In many instances issues may be resolved with little disruption. When necessary, they may exercise their legal jurisdiction and gain control over the organization, and can do so with a lower degree difficulty than their organizational counterparts.

To summarize, organizations formed through territorial penetration produce one of these three configurations. A board's initial level of influence will vary depending on who formed the organization. In the event of a crisis, however, a board's legal authority ensures its ability to subordinate established behavior patterns in order to exercise control over the organization. This illustrates that the legal authority of a board of directors is paramount within these organizations, and that shared power structures are always at a board's discretion.

Territorial Diffusion and the non-profit service providing organization

Non-profit service providing organizations formed through territorial diffusion possess one or a mixture of the following three formation patterns:

(1) Umbrella Organizations

Several service providing organizations come together to form an umbrella group which represents their combined interests. Each group retains a great deal of autonomy over its own organization and lobbies first and foremost to have its needs met by the umbrella organization. The mandate of the umbrella organization is to balance these contending demands in an effort to accommodate as many members as possible. Power, though reliant on the umbrella organization's ability to retain the support of its membership, resides with the umbrella organization.

In the case where a founding board member chooses to work for the umbrella organization two possible scenarios may occur. (A) In an effort to avoid conflicts of interest from developing the individual severs all previous ties to his/her original organization. This is intended to ensure the individual's objectivity when he/she must attempt to reconcile contending interests. (B) Though it is highly unlikely that an individual would continue to be associated with his/her original organization, it is still possible. However, any behaviour on his/her part that could be construed as partisan would result in an outcry by one or more of the organization's members. Because an umbrella organization's power is dependent on the support of its membership, this type of situation would tend to be resolved with the departure of the individual in question. In an effort to avoid repeating this conflict, it is likely that the organization would adopt the practices outlined in the first scenario.

(2) Third Party Organizations

Several organizations band together to develop a third party organization whose mandate has no connection to those of its forming members other than their interest in working together to resolve a problem.

Time commitments to their own organizations may limit the ability of those involved in such a formation from involvement at the staff level. Therefore, those from other organizations wishing to participate in the newly formed agency do so at the board level. Unlike those individuals involved in the umbrella organization, such individuals, because they lack a vested interest in the organization other than in its survival, are unlikely to find themselves with conflicting loyalties and interests.

In this case, much like other founding elite groups, power continues to reside with the originating members. In this scenario power is centralized at the board level and the power structure is hierarchical.

(3) Support Organizations

This type of newly formed organization provides support services for organizations involved in its formation. This service or program would otherwise not be available or affordable to its founding members.

Similar to other organizations formed through territorial diffusion, a founding member's commitments to his/her own organization limits the time available to the support group. In this scenario founding members continue their involvement at the board level. This, however, can create a myriad of possible problems.

First, this situation is similar to the one in which an individual from one of an organization's original founding members chooses to work for an umbrella organization without severing all ties to his/her original group. Conflicts of interest arise. However, the organizational structure of an umbrella agency provides its membership with a means for ensuring issues are resolved objectively. The power structure of an umbrella organization enables member agencies to ensure that some measure of objectivity is maintained. Unfortunately, the power structure of a support organization created through territorial diffusion centralizes power at the board level without providing a structural mechanism to resolve conflicting interests. Therefore, if a founding

member chooses to be involved at the board level it is almost impossible to ensure his/her objectivity.

Furthermore, such individuals are faced with great time constraints. They are expected to balance the demands of their own organizations with those of the support organization. These time constraints negatively affect their ability to function as effective board members. For example, though some board members may possess knowledge about fundraising and organizational operations they may not have sufficient time to ensure that necessary efforts are made in these areas. The dual responsibility of being involved at one's own organization while on the support board may result in an unsupportive board regardless of its good intentions.

Third, similar to the umbrella organization, a founding group will lobby to ensure that the newly formed organization meets its needs first and foremost. It is not surprising that in this type of formation pattern each of the forming organizations may possess a somewhat different perspective about how to fulfill its mandate. However, without an objective third party to reconcile these contending interests, prioritizing the needs of the support organization becomes difficult. In some extreme cases, the needs of the support organization may actually be relegated to the periphery as its founding members struggle to impose their perception of what the organization ought to do (in order to meet their own needs). Not surprisingly, this type of formation pattern yields a board of directors that is often fraught with tensions, conflict and strained board/staff relations.

Interestingly, when board members struggle to protect their vested interests in an organization they create fissures within a board structure. These fissures affect the cohesiveness and ability of a board to work as a united entity. They also provide staff with opportunities to manipulate the decision-making process to reflect staff perceptions of the organization's best interest (Zald:1965). Though initially this may appear to be a means of resolving conflicting interests at the board level and of ensuring an organization's survival, it is not necessarily so. In the event that staff manipulates the situation to their advantage, as is the case with an organization whose development path is staff defined, it too may prove not to be in the best interest of the organization. Staff may not be competent in resolving certain matters, in which case their lack of guidance from the board may result in the organization's demise. As well, in many instances staff may be neither interested nor aware of what is required or how to assume this responsibility. This of course does little to alleviate the situation. In other words, though a support organization's culture and power structure is defined at the board level, unlike other board created organizations, this formation pattern tends to yield a less cohesive and more unstable organization.

The Role of External Sponsors

A board/staff organizational configuration can affect the degree to which an external sponsor is able to influence an organization's development. Theoretically, the presence of an external sponsor tends to result in highly structured organizations. These organizations tend to place a great degree of emphasis on standardized procedures and policies, and the power structure tends to be hierarchical. As a result, those at the sponsored organizational

level have less control over the agency's development path than their more autonomous counterparts (Hsu, Marsh and Mannari:1983). As such, an organization's ability to adapt and respond to environmental factors, which may threaten its survival, is also restricted. Its development path is determined by its parent affiliation (Panebianco:1988).

This situation varies somewhat for non-profit service providing organizations. When an external sponsor is present, a board must always function within the parameters set out by the sponsor. The presence of these parameters limit board autonomy with regard to its freedom to direct staff and determine the development path. The situation can be further exacerbated when an external sponsor chooses to implement sponsor directed standardized procedures. The development of standardized procedures that govern boards of directors as well as organizations further reduces a board's autonomy and influence. A board under these circumstances no longer possesses ultimate power within an organization. It is always accountable to its sponsoring organization.

Furthermore, a great deal of board energy is often consumed by the process of meeting the demands of an external sponsor. In many instances this energy would otherwise have been directed towards staff. Therefore, by placing demands on board time a sponsor organization increases the autonomy of an organization's staff. In limiting the involvement of a board at the staff level, staff enjoy a greater degree of freedom. It becomes possible for them to assume a greater degree of responsibility for organizational development.²

² This phenomenon is discussed at length by James M. Sensor in his 1965 article "Another Look at the Executive-Board Relationship" in *Social Welfare*

The situation provides staff with additional opportunities to maximize their influence. Therefore, the presence of an external sponsor increases the level of formalization but decreases the influence of a board over staff. In other words, though the presence of an external sponsor may cause an organization to appear more hierarchical, a great deal of informal decentralization may occur at the board/staff level.

This form of decentralization may not always be to an organization's advantage. In the absence of staff willing or able to assume responsibility for organizational development, and of a board able to provide sufficient guidance, the lifespan of an organization could be shortened greatly. Furthermore, an external sponsor, even more removed from the daily operations of an organization than a board, may provide staff with sufficient financial assistance to overcome a crisis but not the continuance necessary to ensure the circumstances responsible for the crisis are addressed. Both scenarios make an organization more susceptible to a crisis and weaken its ability to resolve issues internally.

Charismatic Leadership

By meeting criteria set by Revenue Canada for charitable status a board's legal authority over an organization is legitimized. But, as Max Weber points out, authority within an organization can also be legitimately derived through charismatic grounds (Weber:1965, 328). Since a board's de jure

Institutions: A Sociological Reader, p.418-427; and Mayer N. Zald in "Succession in a Large Welfare Organization," (*Pacific Sociological Review*, Spring 1965, p.52-60.)

power is a by-product of acquiring charitable status, charismatic authority can still exist within these organizations; a non-profit service providing organization can be founded by a charismatic leader.

This does not imply that the presence of a charismatic leader renders the legal power of a board null and void. Rather, charismatic authority influences but does not define an organizational power structure. In this scenario Revenue Canada defines the power structure. The legal aspects of the situation demand that when a non-profit service providing organization is founded by a charismatic leader, power derived through such means exists only within the organization's legally defined structure.

The situation is complicated by the board/staff power structure these organizations must adopt. The process of simply adopting this structure does not ensure that the charismatic leader will be a board member. Therefore, it is possible that charismatic leadership may exist at both the staff and board level. Consequently, one of the three following power configurations tend to prevail: (1) the chair of the board may be a charismatic leader and power resides with the board; (2) an executive director may be the charismatic leader and power may initially be centralized at the staff level; (3) both the chair and executive director may be charismatic leaders and power may be shared initially.

(1) If the chair of a board is a charismatic leader the board's power position will be strengthened. The legal position of a board, in conjunction with a charismatic leader's influence, establishes the chair as the legitimate leader. The charismatic leader's vision and ability to influence his/her followers will further ensure that power remains centralized at the board level and in

particular with the position of chair. This scenario is most likely to resemble a typical two tier hierarchical power structure. There is also likely to be less conflict between the board and staff level in this organizational configuration. Overall, this set-up appears to be relatively stable.

(2) If, however, the executive director is a charismatic leader an entirely different scenario presents itself. Charisma endows such individuals with a great deal of freedom within an organization. Though a board retains de jure power, charismatic leaders at the staff level will develop organizational policy that becomes culturally legitimized and may eventually create a foundation for a traditionally based power structure. In such cases, these individuals exert a great deal of influence over an organization's culture and subsequently its development path. De facto power appears to reside with the charismatic leader.

However, conflict is certain to arise when the charismatic authority of an executive director opposes a board's legal authority. A board's legal authority remains paramount. However, unless a charismatic executive director is incapable of guiding the organization effectively in a manner that meets board expectations, a power struggle is inevitable. It is worth noting here that the degree of conflict will vary depending on a number of factors, among them the degree of support the charismatic leader enjoys at the board level, and as well, at the staff level, and whether or not the chair of the organization is also charismatic.

A charismatic executive director who enjoys a great deal of support at the board level will enjoy tremendous freedom in determining an organization's

development path. In the event of a crisis, a board of this type will either look to or attempt to work with the charismatic leader in order to resolve the issue. If this is not a possible solution, then a board which is willing to exercise its legal power over the organization will find itself challenged by the charismatic executive director.

In the case where an executive director is beloved and revered at the staff level, the board is faced with the additional task of confronting those supporting his/her leadership. Crises in this type of organization are exacerbated when staff perceives its charismatic executive director as the organization's rightful leader regardless of the legal responsibility of the board. These divided loyalties are difficult to reconcile making it even more complicated for a board of directors to exercise its power to resolve an issue.

On the other hand, support for a charismatic executive director may wane or be questioned if he/she is unable to resolve a crisis. The inability to do so provides supporters as well as those at the board level with the opportunity to challenge his/her position of power. The power of a charismatic leader depends on the support of followers. If the legitimacy of his/her power is questioned, the board is presented with an opportunity to gain support at the staff level. This situation reduces organizational confrontation and make its easier for a board to exercise its legal control.

Furthermore, the influence of a charismatic executive director is greatly affected if the board chair is also charismatic. Though it is highly unlikely that

two charismatic individuals could co-exist within an organization,³ the process by which an organizational power structure is constructed makes it possible. In the event that such a situation occurs, two probable scenarios arise: (1) the organization would be internally riven with tensions and struggles as both charismatic leaders strive to establish their claim over the organization. Suffice to say, conflict of this sort is only resolved with the departure of one of these individuals. In such a case, the legal power of a board subordinates the claim of a charismatic executive director to authority and favours the chair, its legal authority figure.

(3) On the other hand, a charismatic chair may tolerate or even encourage the presence of a charismatic executive director if it fulfills his/her own goals for the organization. Since the time commitment of a chair is usually fairly limited, both the chair and the executive director may view each other as a limited threat. A chair may be confident that his/her own charismatic authority, especially since it may be legally enforced if necessary, will ensure a position of power. This may initially work well as it encourages the confidence of a charismatic executive director in his/her own authority. However, this situation is only workable when both individuals are able to fulfill their own mandates. As soon as one of the individuals feels threatened or dissatisfied with the situation conflict occurs. This results in a board once again exerting its influence and legal jurisdiction over an organization. The same, of course, holds true for

³ Organizations founded on charismatic grounds are based upon the cult of the individual. Charismatic individuals are not the norm but are those few "endowed with supernatural, superhuman, or at least exceptional powers or qualities" (Weber:1965;358). Therefore, the probability of having two such individuals within one organization is rare.

periods of organizational crisis. The legal authority of the board reigns supreme.

To summarize, the board/staff dynamic of non-profit service providing organization creates variations in the formation patterns outlined in Panebianco's work. Non-profit service providing organizations may be formed through one of three variations of territorial penetration or two variations of territorial diffusion. The presence or absence of an external sponsor also makes these organizations somewhat different. Rather than necessarily giving rise to a more structured hierarchical decision-making structure, the presence of an external sponsor may increase the informal non-hierarchical decision making capacities of an organization and increase the level of influence of its staff. On the other hand, some organizations may be incapable of maximizing these opportunities opting rather to follow standardized procedures and policies as set out by their sponsor organization. Unfortunately, this negatively impacts on an organization's ability to change and adapt to environmental factors. Charisma in such organizations is also somewhat more complex. Depending on one's position in an organization, the power of a charismatic leader may be either strengthened or restricted. Each of these variations or divergences from Panebianco's model affects how power is exercised, policy developed, and crises resolved. They must, therefore, be acknowledged and incorporated into his framework in order to use it as a guide for studying such organizations. Though more complex, this expanded model allows one to examine genetic components while taking into account the restrictions arising from their legally defined power structure. Hence, it is my contention that it is a more accurate means of studying these organizations, their organizational cultures and the effect of specific factors on their development paths.

Assessment Process

The first step of the assessment process was to ascertain the genetic code of each drop-in centre. This was accomplished through examining data to determine which factors outlined by Panebianco were present at each centre's respective point of origin. Gathered information was examined to determine the presence or absence of each of Panebianco's principles. Once this was determined, data were evaluated to ascertain whether the presence or absence of the specific factor in question affected the organizational development path in any of the expected ways. This evaluation process focussed on information relating to policy development practices, fundraising strategies, and the exercise of power within the organization. This evaluation was conducted to determine the presence or absence of longterm trends which affected initial development and could possibly continue to do so.

More specifically, a profile of each formation pattern was developed by noting who instigated its creation and what his/her/their role(s) were in relation to the role of others during (a) its genesis; (b) the formation and transformation of the organizational culture; and (c) in periods of crisis. The genesis period focused on the point of inception of the non-profit service and the events leading up to it. Character formation is the process by which an organization develops "standardized procedures and modes of resolving recurring and basic problems within the organization and with its environment" (Zald:1969,108). Periods of crisis exist when organizational survival is threatened. Furthermore, the position(s) of the organization founder(s) was also examined to see whether

his/her initial presence continued to affect an organization after his/her departure.

Documents detailing how power was exercised were also examined in order to discover the presence of an external sponsor and its effect on the development path. In this case, available data were scrutinized to verify who made which decisions, who developed organizational policy, and who represented the organization.

Unfortunately, it is not possible to determine the personal component of charisma through examining documentation. As Weber himself states:

How the quality in question (charisma) would be ultimately judged from any ethical, aesthetic, or other such point of view is naturally entirely indifferent for purposes of definition. What is alone important is how the individual is actually regarded by those subject to charismatic authority, by his 'followers' or 'disciples'.⁴

Therefore, its presence or absence was determined based on data collected from personal interviews. Interviewees were asked to describe and illustrate through example the type of leadership that existed at various levels of the organization. In order to determine whether these individuals were charismatic these descriptions were compared with both Weber's and

⁴ Weber, Max. "The Theory of Social and Economic Organizations" p.359.

McClelland's definitions of charismatic leadership. The influence of the leader was then scrutinized to discover his/her role during different phases of organizational development. A comparison was done between leaders to determine if any inspired a "cult-like" following.⁵ This was done to determine whether the influence of a charismatic leader varied from that of his/her non-charismatic counterparts.

This information was then compiled in order to create a historically based analysis of each organization. Upon the completion of each case study, a comparative analysis was conducted to determine the similarities and differences between the various organizations. These similarities and differences shed light on how and to what degree each of these factors affected and may continue to impact the development path of each organization studied.

⁵ The term cult as it is used here is a reference to an interview where an interviewee referred to what he called "the cult of executive director 1B" (the organization's founder). Confidential interview, October 14, 1997.

Drop-in centre A operates a drop-in/counseling centre for street youth in the City of Hamilton. It is designed to "support street youth and provide them with otherwise unavailable opportunities".¹ Staff work to meet youth "where they are in poverty".² It is not their objective to "fix"³ these young people, but to provide sanctuary and help to stabilize their lives. The youth must themselves determine how the program will benefit them.⁴

Emergency services such as providing food and a safe haven are the cornerstones of centre A's activities. Over the years it has also offered programs in anger management, lifeskills, computer skills, job counseling, one-on-one counseling, agency referrals, support for pregnant teens, and recreation. Many of these are administered through seconded staff on loan from other agencies, such as Alternatives for Youth which provides a substance abuse program. The aim of the staff at centre A is to build positive relationships with the clientele in order to help them take control and rebuild their lives.⁵ In effect, they are trying to work themselves out of a job.⁶

¹ Confidential interview, February 26, 1999.

² Confidential interview, February 26, 1999.

³ Confidential interview, February 26, 1999.

⁴ Confidential interview, February 26, 1999.

⁵ Grant application form information February 1999.

⁶ Confidential interview, February 26, 1999.

Genetic Code

Formation Pattern

A symposium on street youth in Hamilton was held in the spring of 1988. This symposium was organized by representatives of city agencies and organizations concerned with its growing street youth population. The event provided a venue for those concerned to share information and explore possible strategies. "The Street Youth Task Force" (1988-1990) was formed in response to this symposium.⁷

The task force tabled "thirty-six recommendations focussing on the creation of a more integrated community approach to meeting the needs of youth on the street. A sub-group of the task force, the Community-Based Implementation Team (CBIT), was then formed to assist the community in developing an action plan for implementing the Task Force's recommendations."⁸ The action plan proposed four models as possible approaches to providing services to street youth. The CBIT deemed one of these proposals, the establishment of a twenty-four hour drop-in centre A, its first priority.⁹

⁷ Scott, Anne. Drop-In Centre A: A Preliminary Review. Ministry of Community and Social Services, Hamilton, 1992. Appendix A. 32 Need Identification 2.2.

⁸ Scott, Anne. Drop-In Centre A: A Preliminary Review. Ministry of Community and Social Services, Hamilton, 1992. Appendix A. 32 Need Identification 2.2.

⁹ Scott, Anne. Drop-In Centre A: A Preliminary Review. Ministry of Community and Social Services, Hamilton, 1992. Appendix A. 32 Need Identification 2.2.

Funding for drop-in centre A was made available by the Ministry of Community and Social Services. The Ministry provided the funds to pay the drop-in centre's staff through what is known as 'a purchase of services agreement'. Various agencies submitted proposals in the hopes of winning this contract. Centre A's parent organization proposed the creation of a downtown drop-in centre with minimal staff supported by seconded staff from existing agencies, student placements, and volunteers. This centre would provide street youth with a non-threatening environment where they could receive emergency help and guidance. The model proposed by centre A's parent organization came closest to the Ministry's ideal.¹⁰ Consequently, it was granted the contract for one year on a trial basis. Shortly thereafter the doors to drop-in centre A were opened.¹¹

Centre A was formed through a process of territorial diffusion. Several established organizations (local elites) came together to seek a solution to the growing problem of street youth. Drop-in centre A was the end result. According to Panebianco, a power struggle tends to occur within this type of formation until a dominant coalition presents itself (Panebianco:1988,50). In this case, competition to win the Ministry's contract pitted organizations against each other. Each wooed the Ministry with proposals in the hope of becoming a partner. In the end a coalition was formed between the Ministry of Community and Social Services and parent organization A.

¹⁰ Confidential interview (1), March 12, 1999.

¹¹ Scott, Anne, Drop-In Centre A: A Preliminary Review. Ministry of Community and Social Services, Hamilton, 1992. Appendix A.32 Need Identification 2.2.

According to Panebianco, this type of formation pattern tends to create a more decentralized and semi-autonomous power structure (Panebianco:1988,51). The diffuse nature of this pattern tends also to undermine the stability of the coalition. This is because original associations often continue to vie for control after the coalition's formation (Panebianco:51). In this case, the one year trial clause of the original contract allowed the continuation of such efforts.

External Sponsorship

Panebianco, in speaking of political parties, claims the presence of an external sponsor results in a newly created party which is an extension or satellite of its sponsor or patron. He also argues that this type of configuration creates divided loyalties. Members tend to support the sponsoring organization first, with the result that the party becomes a second priority. This makes it easier for the sponsoring organization to ensure that what occurs at the party level remains within parameters dictated by the sponsoring organization. By staying within the external sponsor's defining power, leadership is thus also entrenched at the sponsor level. The presence of all of these factors provide a sponsor with a great deal of influence in the resolution of internal power struggles (Panebianco:1988,50-51).

Extrapolating from this context, drop-in centre A can be perceived as a subsidiary of the Ministry of Community and Social Services (MCSS). Primarily, this is due to the nature of MCSS's contractual agreement with parent A. The Ministry funds the centre's staff through a service contract. Staff are

hired by parent A, but their salaries are paid by the Ministry.¹² As a result, centre A is financially dependent on MCSS for its continued existence. This does not mean that the program is not influenced by its parent organization. It means that parent A as well as centre A must conform to MCSS guidelines.

Charismatic Leadership

Charismatic leadership is a non-issue with regards to centre A's formation pattern. Information dealing with the program's inception failed to reveal the presence of a charismatic leader. Descriptions of those involved with the program's creation implied there was nothing extraordinary about these individuals.

In summary, centre A was formed through a process of territorial diffusion. After an open process whereby several organizations competed to become affiliated with the program's financial sponsor, a coalition was formed between the Ministry of Community and Social Services and parent A. Together these two organizations opened Hamilton's drop-in centre A for street youth. It was developed by parent A and financed by the Ministry.

Genesis

Drop-in centre A is not the only program administered by parent A. In 1955, it began providing services for seniors living in the Hamilton downtown core. However, within a few years it expanded to include a youth lounge, a

¹² Confidential interview, February 26, 1999.

used clothing depot, a worship service and a hot dinner program on Sundays. Throughout the next two decades the organization expanded its programming to meet the needs of families living in poverty.¹³ It is within this context that centre A was developed; not as an autonomous entity but as an extension of an existing organization. Hence, it is accountable to two organizations. It is accountable to The Ministry of Community and Social Services as MCSS pays for its staff and, as part of the parent organization, it is also accountable to it.

As centre A is a program offered by parent A, titles vary somewhat within this organization. The title of executive director is held by the individual accountable to the board for the performance of all of the parent organization's programs. At centre A's point of inception parent A also had a director of services and a director of resource development. The director of resource development was responsible for all of parent A's fundraising, finances, and general accounting. The director of services supervised 11 programs.¹⁴ Both reported to the executive director.¹⁵

Each of parent A's programs had its own supervisor and, depending on a program's needs, a specified number of staff. Supervisors were responsible for each program's daily operations as well as providing front-line services. Before accepting her position as centre A's first supervisor, supervisor 1A worked in an administrative position for parent A. When parent A received funding for centre A, she expressed an interest in starting up the program. She was given the opportunity to do so.¹⁶

¹³ Parent Organization, Board Manual-1997/98 1.1

¹⁴ Parent Organization, 1990/1991 Annual Report

¹⁵ Confidential interview, February 26, 1999.

¹⁶ Confidential interview (2), March 12, 1999.

Policy Development Practices

The Ministry of Community and Social Services expects centre A to follow particular policies as a condition of its funding.¹⁷ Criteria set out by the Ministry dictate that centre A provide services for street youth between the ages of 16 and 21.¹⁸ Any major incidents are also to be reported to the Ministry within 48 hours.¹⁹ Incidents are to be recorded on forms provided by the Ministry. These forms are first filled out by the centre's staff, then signed off by parent A's executive director and lastly submitted to the Ministry.²⁰ This process ensures that the Minister is always prepared to answer questions arising as a result of its association with the program.²¹ Needless to say, these specific policies are set by centre A's external sponsor and those at centre A are expected to follow them.²²

According to parent A's executive director, the development of policy particular to each program is the responsibility of those at the program level. This practice is not intended to give supervisors autonomy in the area of policy making. Rather, it reflects the belief that those doing the work possess a greater understanding of the program's everyday requirements than those at the

¹⁷ Service Contract between MCSS and parent A; service description schedule for centre A.

¹⁸ Service Description Schedule for centre A..

¹⁹ Service Contract between MCSS and parent A.

²⁰ Ministry of Community and Social Services, Ontario: Serious Occurrence Preliminary Inquiry Report no.1940 (08/91); Serious Occurrence Notification Report no.1939 (08/91)

²¹ Confidential interview, February 26, 1999.

²² Confidential interview, February 26, 1999.

executive level. However, policies must meet the Ministry's criteria as well as remain within the guidelines of parent A's own organizational policy.²³ Those at centre A lack the autonomy to develop policy outside of this context.²⁴

The situation during centre A's genesis stage differed greatly from the scenario just outlined. Centre A did not operate within the guidelines set by the Ministry and parent A. This created problems within the program. For example, the age criteria set out by the Ministry was not enforced. Anyone who was "young at heart" was permitted to use the facility. Those under twenty-one years of age were often intimidated by the older crowd and tended to stay away. As a result, the majority of individuals frequenting the drop-in centre A were over the age of twenty-one. Therefore, centre A was not meeting the needs of those it was intended to service.²⁵

When the Ministry was informed of this situation it temporarily withdrew funding.²⁶ Parent A's executive director quickly assured the Ministry that the situation would be rectified and funding was continued. Parent A began supervising centre A more closely and centre A personnel were instructed to turn away those not meeting the program's age requirements.²⁷ Sometime

²³ Confidential interview, February 26, 1999.

²⁴ For more information on factors that enable those in a supervisory position to exercise this type of control see James Sensor's "Another Look At The Executive Board Relationship" Social Welfare Institutions: A Sociological Reader. Ed. Mayer N. Zald. New York: John Wiley and Sons Inc., 1965 p. 418-427.

²⁵ Service Description Schedule for centre A; confidential interview (2), March 12, 1999.

²⁶ "Parent Organization Shuts Down Drop-In Centre." The Hamilton Spectator October 21, 1992.

²⁷ Confidential interview, March 12, 1999.

later parent A terminated supervisor 1A. This is worth noting as it reveals that parent A as well as the Ministry exercised jurisdiction over the centre.

The Ministry's exercise of power over centre A in this instance is consistent with Pugh et al. and Hsu, Marsh and Mannari's findings that decision-making is always centralized at the parent level (Pugh et al.:1963; Hsu, Marsh and Mannari:1983). The Ministry's ability to create change is also indicative of the semi-autonomous nature Panebianco ascribes to sponsored organizations. A sponsored organization is not autonomous; it is always accountable to its parent or external sponsor (Panebianco:1988,51).

Also in this case it is important to note that the Ministry was informed of the situation by another agency in the region. This is in keeping with Panebianco's observation that an organization formed through territorial diffusion may have its stability threatened by others seeking to form a new dominant coalition (Panebianco:1988,51). This is what differentiates centre A from organizations not formed through territorial diffusion. Its stability is more easily threatened by other organizations than would be a facility formed through territorial penetration.

How these events unfolded is consistent with Carden's work on the role of external sponsors. In this case, centre A was both administratively and financially dependent on others. This dependence ensured that centre A could not act as an independent autonomous entity. This is illustrated first by the Ministry's role in enforcing the program's age mandate and secondly by parent A's decision to terminate supervisor 1A. Therefore, even though there were no formal written policies pertaining specifically to centre A during this period, the

Ministry's response to centre A's failure to meet its criteria and parent A's conduct with regards to terminating supervisor 1A indicates that centre A's operations were subject to formal policy.²⁸

Fundraising

For those involved at the drop-in centre fundraising during this period continued to be a non-issue. Salaries were paid by the Ministry of Community and Social Services and all administrative expenses were paid by parent A.²⁹ Since centre A's expenses were paid by the Ministry and parent A there was no reason for those at the program level to be involved with fundraising. Parent control over this area is not uncommon.³⁰

Formation and Transformation Period

A new program supervisor was not hired until early 1991. During this period, parent A's executive director acted as centre A's supervisor. As a result of her participation in this capacity, greater supervision, regular communication and increased accountability became the norm at centre A. By the time centre A's next supervisor, supervisor 2A, was hired in early 1991, these practices

²⁸ In this instance, centre A was regulated by the terms of the service contract between parent organization A and MCSS. Service Contract between MCSS and parent organization A.

²⁹ The centre did not pay rent. It was located on the unused second floor of the parent organization's Emergency Services (a drop-in/support centre and soup kitchen for adults in need). Confidential interview (2), March 12, 1999.

³⁰ See, for example, Maren Lockwood Carden, "The Institutionalization of Social Movements in Voluntary Organizations," Research in Social Movements, vol. 11, 1989.

were routine. Consequently, supervisor 2A reported regularly to parent A's executive director, was asked more questions and given greater guidance.³¹

Policy Development Practices

According to the program's two staff members, the program remained very unstructured during this period.³² Staff credit supervisor 2A with implementing a "No Drugs on the Premises" policy. The policy was, like other program specific policy at centre A, informal and unwritten. In other words, program specific policy development for the most part did not occur. It remained a matter of personal judgement. This practice of not formalizing policy left much to chance. For example, according to staff, centre A did not have a weapons policy. "If someone came in with a knife, it was "just please don't stab anyone".³³ In other words, little program specific policy was developed during this period and what little was developed remained informal. Hence, the only formal written policies pertaining to centre A continued to be those set out by the Ministry and parent A. Greater supervision ensured that centre A, despite a lack of formalized policies, fulfilled the Ministry's guidelines and continued to operate in a manner consistent with parent A's philosophy.

Supervisor 2A left on his own accord. Shortly after his departure, one of the centre's original staff members also gave notice and resigned. The centre was left with only one paid full-time front-line worker as staff. Without the necessary formal policies to ensure consistent standards and a sense of

³¹ Confidential interview (2), March 12, 1999.

³² Confidential interviews (1) and (2), March 12, 1999.

³³ Confidential interview (2), March 12, 1999.

continuity, the loss of these two individuals created pandemonium in this already unstructured environment.

Temporary help arrived at centre A in the form of two staff members from another Hamilton agency.³⁴ Once again it would be months before another supervisor was hired. This time, one of parent A's directors of services took on the role of centre A's supervisor. At this time centre A was surviving on one staff member, the good intentions of another agency, and a part-time supervisor. Needless to say, developing formal program specific policy at this point was a low priority.

During this time, there were no changes with regards to how centre A was funded. Initial arrangements raised sufficient funds to operate the centre A and as result of this they became the norm.

Organizational Crisis

Supervisor 3A was hired to turn centre A around. Supervisor 3A was an enthusiastic, energetic and charming individual. He also had experience with street youth. Supervisor 3A had worked at Covenant House, Toronto's largest drop-in centre A for street youth. He was familiar with what it took to run a successful program.³⁵

One of the first things supervisor 3A did was rehire the centre's original staff member who had resigned. He telephoned her at home and persuaded

³⁴ Confidential interview (1), March 12, 1999.

³⁵ Confidential interviews (1) and (2), March 12, 1999,

her to give him a chance to turn centre A around. Supervisor 3A argued that the program needed her. Her presence would give the youth the much needed sense of continuity they and centre A so desperately needed. She was swayed by supervisor 3A's determination and enthusiasm to salvage centre A. She rejoined centre A. According to this particular staff member, it was not the only time supervisor 3A persuaded her to become involved. "He was the kind of guy that could talk you into anything. He'd be so excited about doing something, and you'd just want to get involved."³⁶

At this point in time, centre A underwent some dramatic changes. Supervisor 3A began holding regular meetings. These meetings were attended by regular staff and seconded staff, student placements and by supervisor 3A and the director of services. These "unit meetings" were used as a forum to discuss clientele, review how the drop-in was functioning, and to introduce new formal written policy. Minutes were kept and for the first time since its inception what was happening at the centre was documented.³⁷ Communication, teamwork, planning, and structure replaced impromptu decision making and crisis management practices.

Supervisor 3A developed a program procedure manual for centre A. Upon its completion it was used on an ongoing basis at unit meetings for discussion and review.³⁸ Changes were made where they were needed and the process came to include all of those involved at the centre. In the fall of 1993 centre A's Procedure Manual was approved by parent A's executive

³⁶ Confidential interview (2), March 12, 1999.

³⁷ Unit Meeting Notes September 23, 1993; October 7, 1993; March 24, 1994; April 14, 1994.

³⁸ Unit Meeting Notes September 23, 1993; October 7, 1993.

director. It was official. It is worth noting that at this time the manual did not require board approval. Neither supervisor 3A nor the director of services, however, possessed sufficient authority to officially implement these policy changes without the executive director's approval.³⁹ The executive director, in this case, represented parent A's interests. Her approval of centre A's program specific policy was indicative of her authority over centre A. As the representative for the organization responsible for centre A's administration and the Ministry's point person, her approval was required to formalize policy.

Supervisor 3A also developed new procedures and forms. Practices which prior to his employment were informal and often randomly enforced became standardized. For example, he created an "Age Confirmation Record Form". In order to access centre A's services clientele had to provide some form of official documentation confirming their age. To encourage young people to acquaint themselves with the facilities clients were allowed to use the facility on their first visit without this documentation. However, their age had to be confirmed before future access was permitted. This policy was developed after the Ministry threatened to withdraw its funding during centre A's formative years. Until supervisor 3A developed this form nothing existed to ensure that the policy was being enforced. Supervisor 3A also created a policy on how centre A ought to deal with underage children. This policy ensured that centre A met the criteria set out by the Children's Aid Society's prior to allowing these youths to use the facility. If parents gave their permission in writing and registered their children with the program, then they could access centre A's services. This policy is of particular interest as it is an example of how policy had to be

³⁹ Confidential interview (1), March 12, 1999.

developed to ensure that the interests of the Ministry of Community and Social Services in this sensitive area were not compromised. Program specific policy also had to reflect parent A's organizational philosophy while ensuring it remained consistent with Ministry expectations.

Supervisor 3A's influence extended beyond policy development to include extensive programming changes. He is credited with the creation of centre A's street outreach component. He not only trained staff in how to do street outreach, but also wrote formal guidelines on what to do and what not to do when involved with outreach. Counseling during this period also became far more indepth and staff were required to keep case management notes on all the clientele involved. These notes were discussed at unit meetings to ensure everyone in the program was well informed about what was happening with those involved.

In summary, supervisor 3A enjoyed a great deal of freedom in developing centre A as he saw fit. According to Morris Twist, Guelph's United Way executive director, this type of situation is not uncommon among non-profit organizations. An organization in crisis needs "someone with vision and ambition to resolve the crisis and grow the organization."⁴⁰ Supervisor 3A's accomplishments indicate that he was this type of person. Though he brought about a great deal of change, it is important to note that he was influential only at the program level. Supervisor 3A's sphere of influence had long been defined by parent A. In many ways he did no more than his job required. His accomplishments stand out because less had been done by his predecessors.

⁴⁰ Interview with Morris Twist, October 13, 1997.

All formal changes such as the procedure manual had to be approved by parent A's executive director. Program changes were also discussed with the director of services, who kept the executive director informed on what was happening at centre A. Any changes that would not have met with the executive director's or the director of services' approval would not have been implemented.⁴¹ Change was instigated at the program level, but always at the discretion first of the Ministry of Community and Social Services and then parent A. Centre A's previously established pattern in this regard remained consistent.

Fundraising

Centre A's operation continued to be funded by the Ministry of Community and Social Services and parent A. Its role with regards to fundraising changed somewhat with supervisor 3A. Supervisor 3A was requested on occasion by parent A's director of resource development to represent the centre at public speaking events. The community was becoming interested in the plight of street youth and wanted to hear from someone directly involved.⁴² Supervisor 3A did not in any way become responsible for raising funds for the centre. Parent A's director of resource development continued to do the majority of the public relations work. However, supervisor 3A's involvement indicates an expansion of the program supervisor's responsibilities. It is important to note that Supervisor 3A was able to participate in this area because centre A no longer required all his attention. Previous

⁴¹ Confidential interviews (1) and (2), March 12, 1999.

⁴² Confidential interview (2), March 12, 1999.

supervisors had not been in a similar situation. Supervisor 3A was available to do public speaking and it was in parent A's best interest to send someone involved with the program to explain its needs to potential donors. Supervisor 3A's involvement with fundraising on behalf of centre A did not, however, extend beyond public speaking engagements arranged for him by parent A's director of resource development. He did not do any direct fundraising of his own on behalf of the centre. The terms of his participation were determined by parent A. This level of control is not uncommon among sponsored organizations (Hsu, Marsh and Mannari:1983).

Financial Crisis

Other than the Ministry's threatened withdrawal of funds, centre A has not experienced any great financial crisis. Parent A, however, has. Since parent A is responsible for the administration and administrative costs of centre A, its financial crisis indirectly affected centre A. Therefore, it is necessary to briefly discuss this crisis.

Parent A's financial crisis was brought on by a variety of reasons. (1) parent A was operating at a deficit. For years, programs which had lost funding continued to be supported by parent A. Unfortunately, parent A was unable to raise sufficient funds to operate these programs without acquiring a deficit. In 1994-95 parent A's deficit peaked at \$314,214.⁴³ Parent A was on the verge of bankruptcy.

⁴³ Parent Organization A's annual report 1997-1998.

(2) The organization had become top-heavy in administrative management. Two levels of management existed between the executive director and those operating the programs. In some cases, supervisors were receiving full salaries but no one was sure exactly what they were doing.⁴⁴ For example, in centre A's case, the supervisor was available by pager but did no front-line work.

Supervisor 3A had a second job. Though he was hired full-time at centre A, once the policies and programs were in place, supervisor 3A began to spend less time at the centre. From a performance point of view this was not an issue. The centre functioned better during this period than ever before. Staff ran the centre according to policy. When an unfamiliar situation arose that was not covered in the procedure manual they paged supervisor 3A. He would then guide them through the situation either over the phone or in person depending on the circumstances.⁴⁵ When the occasion called for it, supervisor 3A would develop new written policy for future reference. Centre A functioned well with its two front-line workers, its procedural guidelines, and supervisor 3A's occasional input. However, it meant parent A was paying for a full-time supervisor who was not regularly on the premises.

(3) The situation was further exacerbated by the executive director's position within the organization. The executive director was the only one directly accountable to the board of directors. The existing structure gave the executive director a great deal of influence over organizational finances.⁴⁶

⁴⁴ Confidential interview, February 26, 1999.

⁴⁵ Confidential interviews (1) and (2), March 12, 1999.

⁴⁶ Confidential interview, February 26, 1999.

Unfortunately, this was not her area of expertise.⁴⁷ She failed to recognize the severity of parent A's financial situation and was unable to resolve it before parent A neared the point of bankruptcy.⁴⁸ Those in a position to assess the situation were directly responsible to the executive director, but not to the board of directors. Executive director 1A did not inform the board of the situation until it had deteriorated to the point that parent A was facing bankruptcy.

(4) The impact of these organizational factors on financial accountability was further exacerbated by environmental factors affecting parent A's revenue. In 1995 a new Conservative government came into office. This government cut available funding to non-profit organizations. Funding for parent A's Cultures Interpretation Program was discontinued. Funding for this program was responsible for approximately \$225,000 of parent A's annual budget.⁴⁹ Unfortunately, simply eliminating the program did not resolve the problem. Administration costs are absorbed by all of parent A's programs. Programs with larger budgets and needs finance a larger proportion of the overall administrative costs.⁵⁰ Therefore, eliminating the program also eliminated that proportion of its funding allocated for administrative costs. This meant the cost of administrative support for remaining programs either had to be completely absorbed by those programs or the administration re-structured. Given parent A's circumstances, restructuring was parent A's only option.

All four of these factors played a role in bringing about parent A's organizational restructuring. An interm executive director was hired to oversee

⁴⁷ Confidential interviews (1) and (2), March 12, 1999.

⁴⁸ Confidential interview, February 26, 1999.

⁴⁹ Confidential interview, February 26, 1999.

⁵⁰ Confidential interview, February 26, 1999.

the process. In order to cut costs she eliminated all programs that no longer received funding. The organization could not afford to maintain them. Remaining programs were evaluated and where possible staff hours were reduced.

Centre A was to lose one staff person. Supervisor 3A had done much for the centre A upon his arrival. But, it was the centre's two staff workers who did the front-line work. To cut staff at this level would hurt the program severely and jeopardize the safety of the one remaining staff member. Hence, it was supervisor 3A who was let go. The centre's full-time staff person was promoted to the newly created position of program co-ordinator. This allowed her to continue her front-line work and assume more of the centre's administration. As a result, parent A's cuts did not greatly affect how the program was run.

In order to balance the executive director's workload and to increase levels of accountability, the executive director was no longer solely responsible for the financial aspects of the organization. The comptroller and the executive director were to co-manage the organization, both reporting to the board. The accounting/clerical department was to be supervised by both the executive director and the comptroller.⁵¹ These changes did not greatly impact centre A's daily operations. However, they do attest to the board's control and its need for greater accountability throughout the organization.⁵²

With regards to programming, of the four factors mentioned, it was the shift in Ontario's political climate that was the most detrimental to centre A.

⁵¹ Confidential interview, February 26, 1999; Parent Organization Chart 1999.

⁵² Confidential interview, February 26, 1999.

Centre A had been set up as a drop-in facility supported through other agencies with seconded staff. Hence, government cutbacks required those providing staff to centre A to streamline their operations. As a result, centre A lost the majority of its seconded staff support. Agencies either withdrew staff completely or significantly reduced the number of hours staff were available. Hence, programs offered by centre A, but staffed through other organizations, were severely affected.⁵³ Centre A was no longer able to offer the same quality and quantity of programming.

Extrapolating from Carden and Morgenbesser et al.'s findings, this is not an unexpected outcome (Carden:1989; Morgenbesser et al.:1981). Centre A's dependence on other organizations placed it in a position of helplessness. Its fate was and always had been determined by others. In this case, centre A was not only financially and administratively dependent on others: it was also dependent on others for much of its programming. Centre A was not created as an autonomous facility. It was not self-sufficient to the degree that it could have altered these outcomes.

Post Crisis

Policy Development

The board's increased emphasis on accountability affected the policy development process throughout the organization. Though program specific

⁵³ Confidential interviews (1) and (2), March 12, 1999.

policy continued to be developed at the centre level, the approval process changed. All new and revised policies were now subject to board approval.⁵⁴

This is not surprising. Financially, centre A was controlled by its external sponsor, the Ministry of Community and Social Services. The Ministry delegated the administration of centre A to parent A through its purchase of services agreement. Consequently, in order to satisfy the Ministry, parent A ensured that centre A was run according to ministry guidelines. Parent A's executive director, was primarily responsible for this task. When centre A failed early to meet Ministry criteria, the Ministry intervened illustrating its jurisdiction over the program. When parent A found itself in crisis, the board exercised its jurisdiction over its executive director. This is common and well documented by Mayer N. Zald in his article "The Power and Function of Boards of Directors" (Zald:1969). Within parent A, power resided with the board. As parent A's crisis was the result of poor management it is not surprising that the board became more involved with all aspects of organizational administration. The executive director's power over centre A had always been at the discretion of the board. Hence, her power to approve program specific policy was also at the board's discretion. The board always retained the option of assuming control over the policy making process.

As regards programming, the centre's practice of relying on seconded staff did not change when staff were withdrawn. Rather, the recent re-introduction of these individuals indicates that centre A's reliance on others is well established in this area.

⁵⁴ Confidential interview, February 26, 1999 and confidential interview (1), March 12, 1999.

Fundraising

Little changed with regards to centre A's role in fundraising during parent A's financial crisis. Occasionally, the program co-ordinator or the other staff members would be asked to do a speaking engagement, but prior to his departure the majority of these were done by the director of services. Centre A's program co-ordinator did not independently fundraise on behalf of centre A.

Prior to the director of services departure, the centre's program co-ordinator accepted a promotion and transfer to another program. The remaining staff member was promoted to the position of program co-ordinator. Neither the director of services' nor its first program co-ordinator's departure affected centre A's role in parent A's fundraising strategy.

In 1997, program co-ordinator 2A began to raise funds through an annual car wash event. Funds raised through this event were designated specifically for a youth trip to Canada's Wonderland. After raising these funds, she discussed plans with parent A's director of resources to approach potential donors for the necessary food and transportation to make the trip a success. This plan had first to be approved by parent A's director of resource development before program co-ordinator 2A could approach anyone. This process ensured that (1) donors are not over solicited and (2) parent A's executive continues to be informed about what is happening at centre A.⁵⁵ It is

⁵⁵ Confidential interview (2), March 12, 1999.

also an indicator of parent A's increased emphasis on accountability and centre A's lack of autonomy. (Carden:1989: Hsu, Marsh and Mannari:1983).

Program co-ordinator 2A performs the occasional speaking engagement at parent A's discretion. Other than this, fundraising continues to be parent A's responsibility. Since centre A must continue to meet the guidelines of its services agreement contract with the Ministry it is unlikely that this will change in the near future. Staff at centre A are paid to provide front-line services, not fundraise.⁵⁶

Summary

As a sponsored organization centre A will likely never become an autonomous entity. It was designed to rely on others for its survival. Those at the centre have little, if any, control over its existence. Since its inception, the influence of those responsible for centre A (supervisors/program co-ordinators) has been minimal. This is illustrated in both the policy making process and centre A's fundraising practices.

Centre A has always been subject to formal policies set out by the Ministry of Community and Social Services and parent A. Program policies have to be approved by parent A and be acceptable to MCSS. As regards fundraising, other than raising funds for an annual youth trip, centre A's participation in this area has been minimal. The staff at centre A have never been involved directly with raising funds for the centre.

⁵⁶ Service Contract between MCSS and parent A; Service Description Schedule for centre A; program co-ordinator's position description.

Furthermore, centre A's structural design further hinders the possibility of it becoming an autonomous entity. Not only is it reliant on others financially, it is also dependent on others for program support. These factors in conjunction with its inability to resolve its own crises without the intervention of either MCSS or parent A indicate its low degree of autonomy. As Carden and Morgenbesser claim, the greater an organization's financial dependence, the less its influence over its own agenda (Carden:1989; Morgenbesser et al.:1981) This too is illustrated by centre A's inability to develop policy without first meeting standards set by others.

Centre A's stability, especially in its early years, was affected by its formation pattern (Panebianco:1988, 51). A lack of competition to form a new dominant coalition at the time of writing does not eliminate the possibility of this occurring at a later date. Centre A must always ensure that MCSS is pleased with its performance in order to maintain its favour.

In closing, centre A is a drop-in centre for street youth whose continued existence is dependent on those not directly involved with it. Its low degree of autonomy as illustrated by its performance in decision-making, policy making and fundraising indicates it is no closer to becoming an independent and self-sufficient facility than it was at its point of inception. There is nothing in its organizational genetic code or development pattern to indicate that this will ever happen.

Centre B Youth and Family Drug/Alcohol Resource Centre is a drop-in/counselling facility in the City of Guelph. Its "primary objective is to prevent drug/alcohol abuse" among high risk youth.¹ Since its inception in November of 1990 the agency has offered a variety of programs. Its original programs included a recreation program, parent support services, youth support services, and one on one counselling. These have become its core programs. Contingent on available funding and staff, the organization has also offered programs in art, lifeskills, anger management, youth action and outreach. At the time of writing, the organization runs a drop-in centre offering only its core programs. Insufficient staffing due to continuing financial difficulties is responsible for this situation.

Genetic Code

Formation Pattern

Centre B was formed through a process of territorial penetration. Two individuals recruited other concerned members of the Guelph Community to create centre B. Centre B was designed to provide services for a large portion of the city's youth who were uncomfortable seeking help from existing agencies and as a result "falling through the cracks".² Its two founding members created centre B specifically to cater to these youth. Their goal was to develop a safe and non-threatening environment where this target group would be more open to addressing potential and existing drug and alcohol abuse issues.

¹ Mission Statement: Change Now 1990

² Confidential interview, October 13, 1997.

Centre B was formed through a mixture of staff and board level penetration. One of these individuals became centre B's first executive director; the other its original vice chair. According to Panebianco, power is associated with an organization's elite (Panebianco:50). Extrapolating from Panebianco, power in this scenario ought to be located at both the board and the staff level. As a result of this, the centre's founding members exercised a great deal of influence over organizational development. With one of them present at the board level, and the other at the staff level, they ensured that (much like their friendship) the relationship between the board and the centre's executive director was amicable as well as co-operative.

Together the two founding members recruited people to serve as the board of directors. Members were recruited from among their friends and working associates. These were all people they knew on a personal basis. The majority of those recruited worked in the social service sector.³ The executive director's recruited from the social service sector in order to create a board "that truly cared about young people."⁴ The executive director wanted a board that shared her vision.⁵ However, in so doing, the board's area of expertise was limited to the social service sector. As Houle points out, a board needs individuals who can offer a diversity of specialized skills (Houle:1989,34-35). Expertise in personnel policy, financial management, investment, fundraising, buildings and grounds and political contacts did not exist at the board level.

³ The executive director had also worked as an addictions counsellor. Confidential interview, October 13, 1997.

⁴ Confidential interview, October 13, 1997

⁵ Confidential interview, October 13, 1997.

Not surprisingly, given the executive director's desires and the composition of the board, centre B was created as a support organization for existing programs. It was designed to complement, not replace, duplicate, or challenge what was available.⁶ This role as a complementary service in conjunction with the composition of the board ensured that the organization would provide only related and support programming for existing services.⁷

It was expected that the complementary interests of the board members would become part of the organizational mandate. In practice this component of centre B's genetic code increased the possibility of organizational instability and crisis. For example, if the organizations employing centre B's board members were in need, centre B's survival and development would become a secondary issue.⁸

Charismatic Leadership

Executive director 1B's research, her dedication, the organization's formation pattern, as well as her status as one of the founding members, placed her in a position of power within the organization. Her influence was further guaranteed by what has been referred to as "the cult of executive director 1B".⁹

⁶ Confidential interview, October 20, 1997.

⁷ Confidential interview, October 20, 1997.

⁸ Centre B's chair discussed this phenomenon with reference to how provincial government funding cuts affected centre B. Not only was centre B struggling for its survival, but, board members also struggled because their organizations were also facing big cuts. It was at this point that the chair realized that "too many social service workers on a board was not the best thing to have." Confidential Interview, October 20, 1997

⁹ Confidential interview, October 14, 1997

Executive director 1B was adored by the youth,¹⁰ some of whom went to great efforts to continue their relationship with her even after she had left the organization.¹¹ One individual, who worked with executive director 1B, was her temporary replacement while she was on maternity leave and served as the board's vice chair and later as chair, described her as someone who inspires loyalty and who others want to help.¹² This phenomenon was not limited to the youth. As he explained "... if I wanted to implement a long term program of some sort while she was on maternity leave, the board would call her and ask whether or not it was something she wanted. She had that type of control or influence over how things were done, even when she wasn't there. The board was that dedicated to her."¹³ Morris Twist, Guelph's United Way executive director, described her as an ambitious visionary.¹⁴ Descriptions of executive director 1B are consistent with both Weber's and McClelland's definitions of charismatic leaders.¹⁵

¹⁰ Confidential interview, October 20, 1997

¹¹ Confidential interview, October 13, 1997; Confidential interview, October 20, 1997.

¹² David C. McClelland cites this phenomena as one of the defining factors of charismatic leadership. McClelland, David C., "The Two Faces of Power" Organizational Psychology: Readings on Human Behavior in Organizations Fourth Edition Eds. David A. Kolb, Irwin M. Rubin and James M. McIntyre. Prentice-Hall, 1984. p.65.

¹³ Confidential interview, October 14, 1997.

¹⁴ Confidential Interview #2, October 20, 1997.

¹⁵ Weber, Max., "The Theory of Social and Economic Organization" Translated by Talcott Parsons. The Free Press, Second Edition 1965 p.358-360; McClelland, David C., "The Two Faces of Power" Organizational Psychology: Readings on Human Behavior in Organizations Fourth Edition Eds. David A. Kolb, Irwin M. Rubin and James M. McIntyre. Prentice-Hall, 1984. p.65.

External Sponsorship

Centre B is not the product of an external sponsor. Rather, centre B, like many other non-profit service providing organizations, received its initial start-up funds from the city's United Way.¹⁶ Since its inception, however, centre B has raised its own funds. Other than having to meet Revenue Canada criteria for charitable status, they are legally not beholden to anyone.

Genesis

Without executive director 1B's hard work and commitment centre B would not have come into being. After the two founding members recruited the board, executive director 1B spent ten months researching the types of services available in the area, the types of services available elsewhere and then determined what services centre B should be providing. She talked to kids and parents who found existing programs to be less than user friendly. She consulted other agencies to determine if there was a need for a walk-in drop-in centre with a non-threatening environment. She spoke with teachers, young people, and other agencies to determine whether young people were actually falling through the gap and not just unaware of existing programs. She travelled to the Maple Addictions Program outside of London, Ontario, to observe their program and receive practical advice on how to set up a non-profit addiction counselling organization. She also became involved with the Fairview Diocese at St. Mary's Hospital in Minnesota, a pioneer in the field of adolescent addiction treatment. At her own expense she travelled to Minnesota

¹⁶ Confidential interview, October 13, 1997.

to train and observe at the St. Mary's facility. When executive director 1B knew what she felt she had to know, centre B opened its doors as a downtown counselling facility in September, 1991, ten months after the organization's inception.¹⁷

Policy Development Practices

Policy development at the staff level was executive director 1B's responsibility. Board meeting notes from May, 1991, indicate that executive director 1B in conjunction with the youth established a set of general rules. A draft copy of the policies and procedures manual was to be reviewed *and approved*¹⁸ by the board of directors upon its completion.¹⁹ Executive director 1B oversaw the development of this manual and the board's responsibility was to endorse it.

The board was, however, not without influence. After all the vice chair was one of the founding members. Rather what appears to have occurred is the board allowed executive director 1B to formulate policy with regards to the agency and they concentrated on policies outlining the board's legal role in the organization, i.e., the creation of bylaws.²⁰ From a practical perspective, there was little need for the board to extend itself beyond this realm.

Policy committees are not uncommon in these organizations. There are usually several committees at the board level which develop organizational policies and programs. However, what is uncommon is the role executive

¹⁷ Confidential interview, October 13, 1997.

¹⁸ italics to emphasize board's role in this situation.

¹⁹ Board meeting notes May 3, 1991.

²⁰ Board Meeting Notes November 5, 1991.

director 1B was allowed to play on these committees.²¹ She was involved in all board committees. Furthermore, she was involved as a full member and not merely in a consulting capacity (a role often assigned to executive directors). Lastly, according to executive director 1B all decisions were made jointly.²² Executive director 1B claims her involvement was not the result of a conscious act on her part, but simply the result of her being there. Her presence may have been a factor in her inclusion. Alone, however, it is an insufficient explanation for the level of influence she possessed. Some executive directors are often present but only allowed to participate in a limited manner. Others are asked to leave. Few function as equals.

The degree to which executive director 1B was trusted by the board is evidenced by what she was allowed to do. For instance, it was executive director 1B, who initially wrote all of the cheques for the organization. Questions of legal accountability make it unheard of not to have a co-signer from the board level. However, one did not exist at centre B until the executive director at the United Way suggested there ought to be someone at the board level co-signing cheques. It appears then that executive director 1B was trusted implicitly.

Executive director 1B's participation in the policy development process does not imply that she initiated or controlled the process. Rather, it merely suggests that she was in position to influence how policy developed throughout the organization. She did not, for instance, chair board committees or set out the board's agenda. However, her ability to develop policy at the staff level

²¹ Confidential interview, October 13, 1997.

²² Confidential interview, October 13, 1997.

requiring only board approval as well as her ability to participate in the policy formation process at the board level as an equal is indicative of her level of influence.

Fundraising Strategies

Fundraising strategies can be defined as those which must be done to secure sufficient funds to ensure organizational survival and future growth. Expenses can be categorized as operating expenses (rent, electricity, telephone, insurance, supplies, staff salaries) and program support (the costs of providing participants with the necessary supplies to take part in a program, i.e., paint and paper for the art program, manuals and hand-outs for the lifeskills program, and the occasional honorarium for those teaching the program).

Initially, centre B's revenues were used to pay only the organization's basic operating costs excluding staff salaries: executive director 1B worked for free. Consequently, its initial fundraising strategy was based on a negative or non-monetary pay structure. Program costs were also a non-issue at the organization's inception. The initial programming was coordinated, implemented, and provided by executive director 1B.

During its genesis phase the organization generated 95% of its income through three sources: bingo revenues (56%), government grants (24%) and the United Way (15%). In 1992, funds from other sources (i.e. private donations and GST rebates) comprised less than 5% of organizational revenues.

These figures are worth noting as they indicate that the initial fundraising strategy relied heavily on other organizations and de-emphasized the creation of a wider donor base. Though this strategy generated sufficient funds to start the organization, the availability of funds is thus dependent on the discretion of a few. This tends to compromise an organization's ability to become financially independent and function as an autonomous entity. To elaborate, the amount of funding available through the United Way is always contingent upon their own fundraising successes, the number of other organization's in need, and centre B's ability to present itself as an agency in need. Revenue generated through bingo can provide a fair amount of income but it too remains dependent the number of bingos the area's Bingo Association allocates to each organization. Securing government funds is also dependent on the generosity of the government in power. In other words, centre B's initial fundraising strategy relied on the good will and financial stability of only a few. Financially, the loss of one or more of these sources can create great difficulties. Overall, the strategy represents neither a reliable nor consistent source of income. In this case, centre B possesses a low degree of autonomy vis-a-vis its environment.

Given its genetic code it is not surprising that executive director 1B was primarily responsible for the acquisition of these funds. She, along with the help of a board member wrote the grant applications; solicited funds from the United Way; ran the bingos; and represented centre B before potential donor organizations; She was the organization's point person. Executive director 1B was synonymous in the minds of many with centre B.

Whereas this pattern can be genetically explained, it hinders an organization's overall development. In playing a secondary role in this area the connections and possible revenue sources the board may have nurtured were left untapped. In the process this practice reduces an organization's potential to stabilize and become autonomous.

Formation and Transformation Period

Policy Development Practices

Executive director 1B remained involved in all aspects of organizational development. It was not uncommon for her to create programs and then inform the board that "this is what we're doing."²³ Little changed in how executive director 1B and the board worked. The initially established pattern worked well as long as executive director 1B remained the focused and committed individual that she had been at the organization's inception. During this period her focus shifted to expanding the organization by adding staff members and developing additional programs. There was no real cause for the board to assume a more active role. "Executive director 1B had it all under control".²⁴ This does not mean that she enjoyed carte blanche, it merely suggests that at the board's discretion she enjoyed a tremendous amount of influence. The board did on occasion disagree with her and their decision was upheld. For example, centre B was approached through executive director 1B as a possible recipient of the proceeds from a licensed dance. The board thought this conflicted with the organization mandate of preventing substance abuse and

²³ Confidential interview, October 13, 1997.

²⁴ Confidential interview, October 14, 1997.

chose to forgo this donation. However, confrontations were few and dealt primarily with these seemingly smaller issues.²⁵

Interestingly, executive director 1B's physical absence, during her maternity leave in 1992, did not affect her level of influence over organizational development. During this period the board continued to consult her and included her in decisions pertaining to the organization. For example, any longterm programs or ideas brought forth by the temporary executive director required the approval of both board and executive director 1B. ²⁶

As a result, he possessed less autonomy than executive director 1B. However, he still believed that he was granted an inordinate amount of freedom considering the temporary term of his position.²⁷ This he attributed largely to executive director 1B's position in the organization. Hence, though executive director 1B's absence was temporary, her charismatic power was routinized. Powers of influence derived from executive director 1B's charismatic personality became entrenched in the organization's character. In the process this empowered those in her position with more influence than they would have otherwise enjoyed. However, without her role as a founding member and board support this would likely not have occurred. Extrapolating from Panebianco, and Widmer and Middleton, the temporary executive director's high level of influence can be correlated with several of the organization's genetic factors, as well as the role and expectations of the board.

²⁵Confidential interviews, October 13, 1997, October 20, 1997.

²⁶ Board Meeting Notes October 29, 1992.

²⁷ Confidential interview, October 14, 1997.

The following example illustrates this last point well. According to the temporary executive director, "Guidance and supervision were strange issues with the board. Rather than being told what to do, I was expected to know what needed to be done and to do it." The established practice of allowing its executive director full creative licence resulted in his assuming responsibility for tasks such as writing promotional material (information packages used to recruit potential board members as well as to solicit funds). The creation of this material is a task of significant importance for any executive director, much less a temporary one. He also used his influence to change the venue of the organization's monthly meetings. He believed the agency ought to hold its monthly board meetings at the centre. Previously, meetings had been held at board member homes. This is not an uncommon practice among smaller non-profit organizations. Yet, upon the temporary executive director's insistence the organization began conducting its meetings at the centre.

It is worth noting that the board itself remained much as it was during this period. Most of the original board members served five years plus. Board openings did occur periodically. Concern was voiced as early as December, 1992, that individuals should be recruited from outside the "helping profession." Yet, the make-up of the board did not change significantly.²⁸

Hence it is not surprising that the board continued to act in much the same way as it always had. There was no reason to change. The board assumed responsibility for particular tasks such as the creation of job descriptions and board by-laws. It is worth noting that they were not very

²⁸ Board Meeting Notes December 16, 1992.

expedient in the execution of these tasks. Three months was required to develop the job description for the executive director.²⁹ Seven months were required to determine that centre B ought to adopt the Addiction Research Foundation Policy and Procedure Manual, with some changes, as board policy.³⁰ The adapted version was developed and presented four months later and passed two months after that. All and all the process took over a year to complete. It appears that while executive director 1B became more efficient and the organization matured, the board did not. In all fairness there was likely no great demand for them to do so. "Executive director 1B had it all under control".³¹

Fundraising Strategies

Centre B continued to finance the organization primarily through government grants, the United Way, and bingo revenues. Bingo revenues represented 35% of overall revenue in 1992-93, 37% in 1993-94, and 37% again in 1994-95. United Way funding constituted 28% of revenues in 1992-93, 21% in 1993-94, and 19% in 1994-95. Government funding was responsible for 20% of revenues in 1992-93, 17% in 1993-94, and 19% in 1994-95. These three sources represented 83% of organizational revenue in 1992-93, 75% in 1993-94, and 75% in 1994-95, or three quarters of the budget.

There are two points worth noting regarding the decline in these percentages. First, the decline in percentage did not coincide with a similar

²⁹ Board Meeting Notes January 28, 1992, April 28, 1992.

³⁰ Board Meeting Notes November 5, 1991, June 8, 1992.

³¹ Confidential interview, October 14, 1997.

decline in real dollars. United Way funding remained consistent around the \$18,000 level; bingo revenues increased from approximately \$11,000 net in 1991-92 to \$37,000 net in 1994-95; government funding also increased from approximately \$13,000 in 1992-93 to \$15,000 in 1993-94 and again to \$19,000 in 1994-95. In other words, though there are fluctuations in the revenue percentages that these three sources represent, it is not indicative of a decline in real dollars. Rather, they represent neither a decline or an increase in the monies brought into the organization. As this is the case, any decreases in percentage cannot be associated with a reduction of organizational dependence on these three funding sources. This brings us to the second point. This decline does not indicate a change in how funds were raised. Nor does it represent a shift towards reducing organizational dependence on these sources. If anything, it is the result of an increasing budget and attempts to supplement these primary sources.

More specifically, centre B began to participate in fundraising events. Larger scale events such as an annual golf tournament and motorcycle/car raffles in combination with smaller events such as bottle drives, car washes, dances and fashion shows generated 14% (\$8,500) of organizational revenues in 1992-93, 12% (\$11,000) in 1993-94 and 15% (\$15,000) in 1994-95.³² Again, though these percentages fluctuated little, the real dollars they represented increased greatly. The remaining 10-13 % of funding was generated from the sale of Nevada tickets (instant win lottery tickets). By 1993-94, special events, raffles and Nevada sales together generated 25% of 1993-94 revenues and 24% in 1994-95.

³² Year End Report 1992-93,1993-94,1994-95.

The increase in the budget of centre B resulted in a change in the organizational labour structure; it enabled the board to start paying executive director 1B. Since its point of inception, centre B had relied on volunteer labour completely. It possessed a non-paying labour structure. Even executive director 1B did not take a salary.³³ All of this changed in 1992 when the board voted to pay executive director 1B a salary of \$16.50 per hour effective April 1, 1992, "as funds became available".³⁴ This agreed upon arrangement between executive director 1B and the board represented a substantial change in how the organization would function in the future.

Despite the best intentions, paying executive director 1B was not possible until four months after the board decision. A \$4,000 grant from the City of Guelph made it possible to pay executive director 1B twenty hours a week for four months; two months retroactively and the two forthcoming months. It is worth noting that at this time executive director 1B was working an average 50-60+ hours per week.³⁵ Therefore, though executive director 1B was paid she was not compensated for the majority of her work. This would become common practice within the organization; salaries would be tied to securing funds and individuals would never be fully compensated for their labours.

These budgets seem large enough to accommodate this change. But this meant that future budget increases would be consumed by salary demands.

³³ According to executive director 1B " For the first two years there was no other way to get the agency up and running." Confidential interview, October 13,1997.

³⁴ Board Meeting Notes March 9,1992.

³⁵ Board Meeting Notes July 9, 1992

The organization would be no further ahead financially, but its organizational stability would also not be further compromised. What is misleading is that, on paper, centre B appeared to be prospering. Yet, a more indepth examination revealed that the centre was still struggling to survive.

Therefore, though this change was structurally significant it did not represent an increase in the agency's financial stability. Much of this struggle can be linked to the decision to compensate executive director 1B with grant monies. Henceforth, the centre would be staffed on a grant to grant basis.³⁶ This may appear to be an ideal solution for acquiring staff. However, centre B seldom received full funding for its staff. Herein lies the problem with hiring staff dependent on securing grant monies. Many of the employment programs offered required a shared cost agreement. For example, Guelph's Vocational Rehabilitation program paid half of the organization's first program director salary³⁷ whereas the Job Opportunities program provided centre B with 60% of the funds needed to hire a fundraiser.³⁸ One could argue that shared-cost programs help organizations by partially financing staff as they struggle to become more financially stable. This argument is only valid when an organization at some point becomes capable of financing its staff without these programs. Otherwise, they simply breed dependence. Furthermore, these programs can only succeed when an organization is able to raise its portion of the shared cost agreement. If an organization struggles to meet the demands of such programs then problems arise. This is what occurred at centre B.

³⁶ Board Meeting Notes July 14,1992; June, 1996

³⁷ Board Meeting Notes July 14,1992.

³⁸ Board Meeting Notes May 27,1993.

Centre B continued to utilize these programs to hire more staff. As a result, its budget increased year after year. This gave the organization the appearance of prospering. In reality it was expending great effort to meet the requirements of these programs. In some cases, in order to meet their commitments other expenses were not covered. Not only did executive director 1B work for free, but at times she also paid the centre's outstanding invoices.³⁹ The lure of increasing staff created the tendency to expand rather than to ensure the organization worked towards becoming financially stable. Furthermore, the longterm faith in government generosity created a false sense of security.

The following discussion of centre B's hiring practices and success in financing these positions illustrates the extent to which this practice affected its development. In 1992, the Ministry of Health provided funds to hire someone to start up the Youth Update Project.⁴⁰ The contract guaranteed the successful candidate 15 hours per week for a period of eight months. A project co-ordinator was hired in September, 1992. He worked part-time solely in this capacity for two of the eight months. For the remaining six months he continued to run this program as well as to fill in for executive director 1B during her maternity leave.⁴¹ At the end of the eight months he was let go. In 1993, a program co-ordinator/outreach worker was hired through Guelph's Vocational Rehabilitation program.⁴² His position was funded for six months at which time centre B extended his contract at their expense. He continued to work for an

³⁹ In December of 1991 executive director 1B was owed \$2,900. Board Meeting Notes December 1991; Confidential interview, October 13, 1997.

⁴⁰ Board Meeting Notes August 18, 1992.

⁴¹ Confidential interview, October 14, 1997.

⁴² Board Meeting Notes September 9, 1993.

additional ten months. At that time financial problems demanded that his hours be reduced to part-time. In lieu of this reduction in hours he opted for a full layoff.⁴³ A second program co-ordinator/outreach worker was then hired on a part-time basis to replace the first. He was given a six month contract which was later extended for an additional six months. Due to his poor performance his employment was terminated prior to end of his contract. A replacement was not hired.

Earlier in 1994 Employment Canada funded a development co-ordinator's position for 28 weeks. This position was dissolved at the end of the 28 weeks, around the same time as the first program co-ordinator's position. As a result the organization lost not one, but two of its full-time employees. However, centre B gained another full-time employee in 1994. The Trillium Foundation (provincial government) provided the organization with the necessary funds to hire an addiction counsellor.⁴⁴ This counsellor was hired as one of the stipulations attached to receiving this funding. The foundation was to provide sufficient funds to help maintain this position for three years.⁴⁵ In this case, "centre B was to build a little more each year to meet their money. But this didn't happen."⁴⁶ As a result the counsellor's hours were reduced in the fall of 1995, and she was laid off in May, 1996. This created a problem for an organization which continued to rely on foundation funding.

⁴³ Board Meeting Notes December 19, 1994.

⁴⁴ Confidential interview, October 13, 1997; Confidential interview, October 30, 1997.

⁴⁵ Confidential interview, October 30, 1997.

⁴⁶ Confidential interview, October 30, 1997.

It is worth noting that these examples discuss only a few of the positions that were created and dissolved depending on the availability of funding. Summer employment programs and co-op placements also provided temporary labour. As a result of this strategy staff turnover was high. During these years, at the staff level executive director 1B represented the only source of continuity.

In sum, the presence of this specific funding strategy compelled the organization to allocate a certain percentage of its revenues towards positions they agreed to co-finance. In meeting this commitment funds were allocated away from other areas. In other words, this strategy resulted in fundraising efforts being consumed by financial commitments to these programs. While it is indisputable that this strategy expanded the organization's budget, it did not create sufficient funds to stabilize and grow the agency. Rather, it yielded short term funds to bring more people on staff, at the cost of delaying financial stability. Furthermore, since staff funding was for the most part tied to government grants, programs and foundations, it increased organizational dependence on a volatile political source. More unfortunate perhaps was the fact that as grant monies were acquired and the budget increased, the board and executive director 1B interpreted their increased budgets as organizational success. The illusion of attaining financial stability was created.

The Crisis Years

In August, 1994, centre B had four regular full-time employees and two regular part-time employees: a full-time executive director, a full-time program co-ordinator, a full-time addictions counsellor, a full time development co-ordinator, a part-time Bingo co-ordinator and a part-time Nevada co-ordinator.

In August, 1995, the centre had one full-time temporary employee, one regular full-time employee, and two regular part-time employees: a full-time addiction counsellor, a full-time summer student acting as executive director, a part-time outreach worker and a part-time Nevada co-ordinator. The organization had lost three of its four full-time people, including its founder. It was being run by a long time volunteer and summer placement student.⁴⁷

After five years at centre B executive director 1B was burned out.⁴⁸ In July, 1995, she left the agency.⁴⁹ Extrapolating from Panebianco, charismatic agencies such as centre B "generally do not survive their founders" (Panebianco: 67). However, the existence of a board of director's legally responsible for the organization diminishes the possibility of this occurring. The initial creation of a board ensures that these individuals retain jurisdiction. In other words, this type of organization can and ought to survive. In centre B's case, the board had to overcome its historical role in order to lead the organization. Interestingly, the situation at centre B was further complicated by the departure of several original board member shortly after executive director 1B's departure. Executive director 1B had worked to retain board members, and many had stayed on out of loyalty and friendship to her. Upon her departure this hold ceased to exist. This resulted in a board struggling to re-establish itself with little energy left over to concern itself with the running of the agency. Regardless of this, established behavioural patterns and practices were perpetuated by original board members, thus indoctrinating those newly recruited.

⁴⁷ Confidential interview, October 30, 1997; Board meeting notes June 19, 1995.

⁴⁸ Confidential interview, October 13, 1997.

⁴⁹ Confidential interview, October 30, 1997.

In keeping with established patterns, a second executive director was hired and given many of the same privileges enjoyed by executive director 1B. This could be construed as simply carrying on an established pattern. However, executive director 2B freedom was in part the result of environmental factors. Shortly after coming into power the new provincial government cut funding to non-profit organizations. Agencies faced front-line or direct cuts to their own funding as well as indirect cuts as support organizations/programs were no longer available to them. Programs such as Jobs Ontario that had previously supplied centre B with labour were eliminated.⁵⁰ The number of shared-cost programs decreased. Financially, this development was devastating. Under the best circumstances a financial crisis can be difficult to resolve. The departure of executive director 1B and board reluctance to assume greater responsibility made the situation all the more difficult to resolve.

Ideally, the board could have taken on greater responsibility for the organization and guided it through this storm. Unfortunately, it did not. Structurally, the board's genetic make-up yielded a group of individuals whose commitment lay first and foremost with their own organizations. The funding crisis was not specific to centre B but affected all non-profit organizations. As a result, board members struggled with their own instability as well as that of centre B.⁵¹ Consequently, executive director was hired to guide centre B through a period of reorganization and financial duress.

⁵⁰ Confidential interview, October 30, 1997.

⁵¹ Confidential interview, October 20, 1997.

Policy Development Practices

Though executive director 1B had given the board notice, executive director 1B left two months prior to her replacement start date. Executive director 1B contends that they did not seem to believe she was actually leaving.⁵² The board's failure to hire a replacement until after her departure is indicative of their role and of executive director 1B's influence in the policy making arena. Executive director 1B had actively recruited her maternity replacement and the first program co-ordinator and proposed they be hired. The board in turn endorsed her proposals and hired them.⁵³ Her withdrawal from the hiring process placed the onus on the board. Despite the months of notice she had given them, their slow response meant that her replacement would not enjoy the benefit of being trained by executive director 1B.

This dilemma was further exacerbated in August by an executive committee decision to terminate the then part-time program director. Executive director 1B had left at this point and the board, at the insistence of the youth, volunteers, and staff exercised its power.⁵⁴ This in itself is an example of the hands-off role assumed by the board. Concerns were voiced from below rather than from above.

Regardless, the departure of the centre's second program co-ordinator meant that executive director 2B, executive director 1B's replacement, had to rely on volunteers and board members for training; a far from ideal situation

⁵² Confidential interview, October 13,1997.

⁵³ Confidential interview, October 13,1997.

⁵⁴ Confidential interview, October 20,1997.

under the best of circumstances. Several long term volunteers also left shortly after executive director 1B (another common attribute of charismatic leadership) and the board members, as mentioned, found themselves involved in a crisis of their own making.

For the board, executive director 2B represented a means of salvation. As such she enjoyed many of the same privileges possessed by executive director 1B. Panebianco refers to this phenomena as charismatic power derived from a situational crisis. Centre B was in a state of upheaval. A situational charismatic leader enjoys less influence than a charismatic leader but more than a non-charismatic one. These individuals must barter and bargain with other power brokers to achieve their goals. This is because "other actors (the board) maintain a certain degree of control over the organization's zones of uncertainty" (Panebianco:52-53). The following two examples illustrate this last point well.

Similar to executive director 1B, executive director 2B enjoyed the freedom to develop programs. Executive director 2B wanted to implement an anger management program for youth that would focus on prevention rather than rehabilitation.⁵⁵ Initially, anger management counselling was provided for the male youth. As the need was apparent, and female youth requested a similar program, one was developed for them.⁵⁶ The youth who frequent centre B come from a variety of places. Some are recruited off the street by volunteers, others are recruited by their friends, and some are referred by other

⁵⁵ Confidential interview, October 30,1997.

⁵⁶ Confidential interview, October 20,1997; Confidential interview, October 30,1997.

agencies. Interestingly, some of the female youth referred to centre B specifically for its anger management program reside at the organization that employs the chair. By approving this program the board's self-interest and the centre's best interests were both met.

Consistent with board expectations, executive director 2B planned centre B's future.⁵⁷ The centre would focus on her two areas of expertise: lifeskills and anger management. She contended that though the organization had been set-up as a resource/counselling centre for drug and alcohol abuse it should also focus on lifeskills and anger management skills as a means of combatting substance abuse. The board took executive director 2B's suggestion into consideration but chose to refrain from its implementation until an operational review had been conducted.⁵⁸ In this instance, the board was not convinced that this change was necessary. Its hesitancy is indicative of a change in its role. Executive director 2B did not wield as much influence as had executive director 1B. In part this change can be traced to the organization's unresolved financial crisis.

Executive director 2B was given the responsibility to hire new staff to replace those who had left. Like executive director 1B, she was to screen the applicants and make proposals as to who to hire. Upon embarking on this endeavor executive director 2B discovered that financially the situation had deteriorated to the point where the funds no longer existed to hire these personnel. The situation continued to deteriorate rapidly and by December, 1995, four months after executive director 2B had been hired, she did not think

⁵⁷ Board Meeting Notes April 25, 1996.

⁵⁸ Board meeting notes April 25, 1996.

she would make payroll. When their contract with the Ministry of Health ended executive director 2B was unable to continue funding the outreach worker position. The agency had to let him go. The addiction counsellor's position was supposed to be secure for three years as a condition for receiving funds from the Trillium Foundation. But, by March, 1996, executive director 2B informed the board that they could no longer afford to pay her full-time. As a result her hours were cut. Unfortunately, this proved to be too little too late and by May executive director 2B was compelled to lay her off entirely. By June executive director 2B would be the only paid staff member.⁵⁹ Though executive director 2B managed to get through her first year at the organization, she had been unable to stave off its financial crisis; in actuality it worsened to the point that the board voted in September, 1997, to close the agency's doors by December.⁶⁰

Executive director 2B's failure in this area lessened her influence within the organization. Power she derived through situational charisma was dependent on her ability to resolve the centre's crisis. Given the circumstances neither of these are surprising. Executive director 2B would regain some of her status after she had provided the board with a financially beneficial solution that allowed them to keep the doors open. Executive director 2B was offered rent free space in a local church. The organization received a temporary reprieve and an opportunity to save money. The financial uncertainty of the last year had, however, taken its toll on executive director 2B enthusiasm for the organization.⁶¹

⁵⁹ Confidential interview, October 30, 1997.

⁶⁰ Confidential interview, October 30, 1997; board meeting notes September 11, 1997.

⁶¹ Confidential interview, October 30, 1997.

The impending possibility of closing the centre caused executive director 2B to begin job hunting. She was hired as a part-time instructor at Ontario Business College when the board decided not to close the agency but to move it into the church. Executive director 2B believed that monies the organization would save could be used to hire a program director. Consequently, the possibility of a support person lessened her concern about holding down two jobs. The near closing of the organization, however, made the board cautious. In response, they balked at hiring anyone else. In this matter the board exercised its control over the organization. Executive director 2B now had two jobs and her only support person was a government paid Futures program student.

The staffing situation did not change for the better. The Futures program student left in December and in January, 1997, executive director 2B was left to run the agency alone. The board refused to hire a second staff person and at the January board meeting executive director 2B handed them an ultimatum. She bartered to no avail. They could either reduce her hours and hire an additional part-time person or she would quit. The board opted for the former with the belief that a two person system is superior to one person even if both individuals are part-time. As far as the board was concerned they could not afford both a full-time executive director and a second part-time staff person. In the decision-making realm the board exercised its legal power. The bartering and bargaining executive director 2B had enjoyed was reduced to her threatening to quit. She no longer possessed the ability she and executive director 1B had initially enjoyed to direct the organization.

Fundraising Strategies

The decision by centre B to rely primarily on the United Way, Bingo revenues, Nevada sales, government and some special events to finance the organization was crucial to the financial crisis of 1995-97. The United Way became its saviour as problems arose with all four other sources.

Bingo revenues dropped drastically. This was not due to a lack of players. Rather, it was the result of a decision by the Bingo Commission to reduce the number of bingos allocated to centre B. Initially they ran one Bingo every week. Under the new arrangement they would run two per month. This reduced bingo revenues to less than half their original amount. This change came as a surprise to the board. It did not, however, come without warning. The board had been informed in October, 1994, three months prior to its implementation.⁶² The organization appealed the decision begging that they be allowed to keep their existing allocation. However, their appeal was rejected.⁶³

In December, 1994, Nevada ticket sales generated zero revenue. The pub where they had sold well closed. An interim location was secured in January, 1995, but sales were not consistent. They would not rise again to their previous levels.⁶⁴

⁶² Board meeting notes October 14, 1994.; January 9, 1995.

⁶³ Confidential interview, October 20, 1997.

⁶⁴ Confidential interview, October 30, 1997.

At the onset of 1995 government monies appeared to be a non-issue. Centre B received \$19,000 from the Trillium Foundation and shared cost programs continued to provide the organization with cheap labour. Executive director 1B believed the organization was financially sound when she left in July.⁶⁵ Yet, by September, when executive director 2B was hired, the situation had changed. executive director 2B summarized the problem as "every year we were to build to meet their (ministries, foundations) money."⁶⁶ But, this didn't happen." In other word, the organization did not raise its share of the "shared-cost" programs which created a negative cash flow problem. For example, the stipulation for acquiring Trillium Foundation funds inadvertently resulted in the loss of the organization's full-time program director. This is noteworthy as these organizations are generally run by an executive director and a program director. Other positions are added when funds are available. In the case of centre B, the organization received funds to ensure they retained a full-time addiction counsellor. Therefore, when funds began to run short, the organization was compelled to reduce its program director's hours to part-time in order to ensure their addiction counsellor full-time hours.

Furthermore, the funds allocated for the addiction counsellor were misspent. By the time executive director 2B was hired the grant money supposed to cover salary expenses in upcoming months had already been spent on salaries in the past. It was gone. Funds provided by shared cost programs had been used in their entirety to cover all the expenses associated with each position until they ran out. The organization had not raised sufficient

⁶⁵ Confidential interview, October 13, 1997.

⁶⁶ This concept is the underlying principle of shared-cost programs; Quote from Confidential interview, October 30, 1997.

funds to fulfill their end of the shared cost of agreement and other expenses. Hence, the funds received by the organization were spent long before they were supposed to run out.

A second large scale raffle further escalated the financial crisis. Rather than turning a profit, as a previous raffle had, it lost \$3,200.⁶⁷ The golf tournament which had continued to bring in approximately \$10,000 each year for the past three years generated little more than \$3,000.⁶⁸ Overall, the organization's special events put in a dismal showing.

The Chair, summed up the board position as to who was responsible for resolving this issue. "Your executive director is or should always be finding alternative funding sources."⁶⁹ Historically, the majority of fundraising had been done by executive director 1B. Board member commitments to other organizations ensured this remained the norm. Executive director 2B, as executive director 1B's replacement, was expected to continue doing so. However, executive director 2B expected the board to train, guide and support her in all areas including fundraising, three areas which the board traditionally had no need for involvement.

Much of this might have been alleviated had executive director 2B been trained by executive director 1B. However, the failure to find a suitable candidate prior to September meant that executive director 1B's successor would have no contact and no training from her predecessor. In keeping with

⁶⁷ Board meeting notes April 18, 1996.

⁶⁸ Confidential interview, October 30, 1997.

⁶⁹ Confidential interview,, October 20, 1997.

the board's hands off approach, the chair "was supportive in being there and trying to help, but since she didn't know the inner workings of the organization she did not attempt to train executive director 2B."⁷⁰ The chair herself supports this account of what happened. "It was very difficult because executive director 1B left before executive director 2B started. So executive director 2B was not trained properly. It fell to the board, but I run this organization not that organization. The way executive director 1B did things is different than I do here so she (executive director 2B) had to find a way to get trained without having someone who knew it all. I tried to hook her up with whomever knew what and she got it. It was a struggle but she got through."⁷¹

In all fairness the chair acknowledged that "the board's been slack in this area."⁷² Its limited involvement had been the norm and, despite the organizational crisis, for the most part this attitude prevailed. The situation was further complicated at centre B by a change in the provincial political climate. In 1995 the board consisted primarily of individuals from other non-profit service providers. All these agencies were hit by provincial funding cuts. According to centre B's chair, energy that, under other circumstances, would been available to resolve centre B's situation, was consumed by the crises of these other organizations.⁷³ Despite all of the organizational problems, executive director 2B, like executive director 1B, was expected to run the show. Unfortunately, this was a situation she had to resolve alone.

Conclusion

⁷⁰ Confidential interview, October 30, 1997.

⁷¹ Confidential interview, October 20, 1997.

⁷² Confidential interview, October 20, 1997.

⁷³ Confidential interview, October 20, 1997; June 3, 1999.

The development of centre B is interesting. In some ways the organization changed greatly, and yet in other ways it remained the same. Power was initially centralized with the founding members. This created a situation whereby the board and executive director 1B worked co-operatively together. Neither exercised a great deal of control over the other. Executive director 1B expected to run the organization she had founded and the board allowed her to do so. After her departure, the autonomy accorded her as organizational executive director was transferred to her position. In other words, executive director 1B's departure did little to affect the expectations of the board. It continued to expect the executive director to function effectively with little supervision and/or guidance.

Though the board continued to rely on the executive director to lead the organization, the executive director's ability to influence organizational development lessened after executive director 1B. Originally, executive director 1B was granted a great deal of freedom and power to influence the organization and its development because of her charismatic personality and her position as a founding member. Executive director 2B as her replacement also enjoyed a great deal of freedom. This could be construed as simply the continuation of an established organizational pattern. However, the decrease in the degree of influence enjoyed by executive director 2B during her tenure contradicts this possible explanation. A more likely explanation is that executive director 2B powers of influence were strongest when the board believed she could stabilize the financial crisis. Her powers were derived from the organization's dire situation. Her level of influence was consistent with levels attributed to situational charisma. Consequently, as her inability to resolve the financial

crisis became more apparent her powers of influence were greatly reduced until she herself became suspect. Power associated with her position depended on board support.

The absence of an external sponsor allowed centre B to develop its own fundraising strategy. The organization experimented with different types of fundraisers, applied for funding to develop an assortment of programs, and was able to hire a variety of individuals who all brought something different to the organization. Unfortunately, this strategy did not develop centre B's donor base. Therefore, though centre B was not financially dependent on an external sponsor, its strategy created a self-imposed form of financial dependence. When its strategy failed to generate the necessary revenue the organization became financially unstable. Changes to its environment dramatically affected centre B's ability to survive. As such, centre B possesses a low degree of autonomy vis-a-vis its environment.

Interestingly, the role of the board varied little even during periods of crisis. Its legal responsibility ought to have ensured it would be actively involved in organizational development and on-going survival. This, however, did not occur. When the executive director failed to resolve an issue, the board did not become embroiled in a power struggle with the executive director. It did not decide to exercise its legal jurisdiction over the organization, and it did not create a plan to resolve the financial crisis. Rather, the board continued to rely on its executive director. This is confusing, but explainable. The board was comprised of individuals from other agencies. They were committed first and foremost to their own organizations and only secondly to centre B. Consequently, their loyalties were divided. This situation was exacerbated by

environmental factors which greatly affected the agency's financial situation and that of the board members own organizations. Much to the detriment of centre B, they were concerned with their own survival.

Centre C is a drop-in/counselling facility in the city of Kitchener. Its primary objective is "to provide practical services and spiritual ministry to the poor, disadvantaged or otherwise needy persons of the Kitchener/Waterloo area."¹ Its "goal is to offer something which will help people change from the inside out." Those participating in the organization believe that Jesus Christ is the answer. Hence, the organization's purpose is not only to proclaim the gospel, but to demonstrate it. This is accomplished by providing assistance in whatever manner needs may be expressed: physical, spiritual, social or emotional."² Since its inception in November, 1988, a variety of programs were developed, all of which operated within this context. Providing services is not an end in itself at centre C. Rather, it is a means to 1) build relationships with the organization's clientele, 2) develop trust and 3) create an opportunity which enables staff to minister to the religious and material lives of those in need.

Genetic Code

Centre C is the product of the demise of another agency. Its predecessor was a loosely structured drop-in centre ministering to the needs of Kitchener-Waterloo's poor, disadvantaged or otherwise needy. When the founder departed its survival was threatened. Members of the founder's church interested in its preservation formed a committee to take over leadership. This committee recruited the chapel pastor. The pastor was a reluctant draftee who joined the committee "with the belief that drop-in needed to be shut down."³ However, some of the committee members were insistent that there was need

¹ Centre C Mission Statement January 1995.

² Centre C Information Manual 1989 p.2.

³ Centre C Information Manual July 1995 p.3; confidential interview, September 18, 1997

for such an organization. The pastor, in an effort to determine the validity of this argument, began visiting a number of existing service providers. He wanted to ensure that any future venture would not duplicate an already existing program. With the knowledge gained from this exercise he and the committee began to develop a concept of what centre C ought to be: an organization that provided a stable presence in the downtown core and was more overt about the Christian message than those already in the area.⁴ As a result the drop-in was dissolved and centre C formed.

Formation Pattern

Centre C was formed through a process of territorial penetration at the board level. With the pastor as its chair, the original committee became the first board of directors. It is worth noting that all board members were already involved in some aspect of religious work in their own churches: some preached, one had chaired a Board of Deacons, several had worked with those in need, the disabled, the mentally ill, and two had been actively involved with its predecessor. Among them there was an accountant, an administrative secretary, two pastors, a program manager for a local hospital, an office administrator for a large company, an insurance company vice president, an analyst, and a shift supervisor from a rehabilitative organization for young offenders. As a group, there were those familiar with the administrative aspects of running an organization and those who had service providing experience. As a board, much to the centre's advantage, they provided centre C with a

⁴ Confidential interview, September 18, 1997.

diversity of specialized skills (Houle:1989,34-35). Their shared evangelical Christian beliefs united them as a whole.

Extrapolating from Panebianco, this type of formation pattern centralizes power at the board level. The board's legal jurisdiction over the organization further ensures its position of power. Together these two factors indicate that this board would, without much difficulty, exercise its power.

Charismatic Leadership

Those who know the pastor describe him as laid back, persistent to the point of being relentless, and someone who takes chances when it is important.⁵ Charismatic is not a word used to describe him. However, centre C's first executive director, is described as a visionary, a very strong personality, outgoing, enthusiastic, the kind of person needed to start an organization, and very charismatic. All who know him are awed by his ability to motivate those around him to do their best. He inspires people.⁶

Descriptions of executive director 1C fit both Weber's and McClelland's definition of a charismatic leader(Weber:1965,358-359; McClelland:1984,65)

⁵ Confidential interviews, August 22, 1997, July 1997 and October 6, 1997.

⁶ David C. McClelland cites this phenomenon as one of the defining factors of charismatic leadership. McClelland, David C., "The Two Faces of Power" *Organizational Psychology: Readings on Human Behaviour in Organizations* Fourth Edition Eds. David A. Kolb, Irwin M. Rubin and James M. McIntyre. Prentice-Hall, 1984,p.65. See also Max Weber "The Theory of Social and Economic Organization" Edited by Talcott Parsons, Second Edition 1965. The Free Press, Second Edition 1965, p.358-360. Confidential interviews July 10, 1997, August 13, 1997, August 22,1997, September 18, 1997.

The fact that he became known as "**Mr. Centre C**" while there attests to the perception that he was the organization.⁷

Extrapolating from Panebianco, executive director 1C, as a charismatic leader, should exert a great deal of control and influence over the organization. He ought to enjoy even more influence than the forming elite. As Panebianco points out, the presence of a charismatic leader hinders the predictability of how power is exercised. Charismatic power tends to usurp what, under other circumstances, would be the dominant power structure (Panebianco:66). However, in this case, the legal jurisdiction of the board over the organization ensured that its position prevailed. This is especially so in this situation as the board and its legal jurisdiction existed prior to executive director 1C's recruitment. This does not imply that executive director 1C was without influence. Rather, it indicates that the board tempered his degree of influence. Consequently, there is little doubt that given this type of genetic code, the relationship between executive director 1C and the board would be stormy.

External Sponsor

Centre C was not created by another organization or through an external sponsor. It was able to open its doors as a result of fundraising efforts. Other than having to meet Revenue Canada's criteria for charitable status the organization is legally not beholden to anyone.

⁷ Centre C Information Manual, July 1995, p.3; Confidential interviews July 10, 1997, August 13, 1997, August 22, 1997, and September 18, 1997.

Genesis

Without the commitment and effort of the pastor and the committee who assumed leadership of the soon to be defunct drop-in centre, centre C would not have come into existence. This small group of individuals, led by the pastor, worked together to implement their concept of what centre C ought to be. First, they projected potential operating costs at \$50,000.00/year. Then the pastor wrote letters to the evangelical church community to solicit the necessary funds.⁸ When these funds had been secured they began to look for an executive director.⁹ Executive director 1C was hired. He started in September, 1989. His first project was to oversee the construction of the new facility. In November, 1989, the construction was completed and centre C opened the doors to its downtown drop-in centre.

Policy Development Practices

Upon being hired, executive director 1C assumed responsibility for the physical construction of the mission. He expected to exercise the same degree of control over the facility once it was open. The board had told him that he would have the ability to make all day to day decisions pertaining to the running of centre C.¹⁰ However, in the months following the completion of the

⁸ The chair and the others assumed that if the evangelical community would finance half of centre C's costs then an interest existed in supporting this type of work. Based on that assumption the board believed they would be able to secure the remaining necessary funds. Centre C Information Manual July 1995, p.3; confidential interview September 18, 1997.

⁹ Confidential interview, September 18, 1997.

¹⁰ Confidential interview, October 6, 1997.

construction it became apparent to executive director 1C that the board was not prepared to grant him full control over the ministry.¹¹

This does not imply that executive director 1C did not develop any organizational policies and procedures. Nor is it an indication that he was not involved with making day-to-day decisions. Executive director 1C did develop policies and procedures but only within a specific realm. The policies he developed dealt specifically with guidelines for appropriate staff and client behaviour. He developed the policy on weapons, its discipline procedure, policy on how to handle gossip, and policy on how evangelism would be done at the centre.¹²

The board had functioned as an independent entity for approximately a year and a half prior to hiring executive director 1C. The addition of executive director 1C did not change board perception of its responsibilities. Therefore, beyond developing policy for the centre, executive director 1C's influence in this area was minimal. Though he wanted to participate in decisions affecting hiring, this did not happen.¹³ For example, executive director 1C began advocating for a second staff person six months after the centre opened.¹⁴ But the board exercised its control over the organization and maintained that it was not financially feasible to hire such an individual. At this time, despite its efforts,

¹¹ Confidential interview, October 6, 1997.

¹² Confidential interview, October 6, 1997.

¹³ Board of Directors meetings November 19, 1990; February 12, 1991; November 12, 1991; January 21, 1992; Directors Report April 9, 1991; confidential interview, October 6, 1997.

¹⁴ Board of Directors Meeting Notes January 21, 1992.

the board was unable to raise sufficient funds to pay executive director 1C regularly, much less an additional staff member.¹⁵

Fundraising Strategies

Fundraising was originally the domain of the board. From 1988 to November, 1989, the board's primary concern was to raise enough money to open the mission.¹⁶ Initially, the Kitchener-Waterloo church community provided over \$37,000, or 72% of the 1989 operating budget. The remainder of its funds for that year were generated through private (26%) and corporate donations (2%).¹⁷ Though this strategy relied on only three categories to finance the operation, this low number is deceiving. A summary of pledges to October 31, 1990, illustrates this point well. Ten churches and twenty seven private donors provided funds on a monthly basis, twenty-two churches, eight businesses and organizations and sixty-four private donors contributed on a yearly/one time basis. In total thirty-two churches, eight businesses and ninety-one private donors, or one hundred and thirty-one different donors, provided start-up funding.¹⁸ It was board strategy to finance its operation by continuously building support from within this community.

Strategically, this diversity provided centre C with a broader donor base from which to generate funds. The loss of one or two donors would have an

¹⁵ Board of Directors Meeting Notes December 11, 1990.

¹⁶ Confidential interview, October 6, 1997.

¹⁷ Taken from Centre C's Registered Charity Information Return and Public Information Return for the year ending December 31, 1989; Dated May 31, 1990.

¹⁸ Summary form titled "Centre C's Pledges To October 31, 1990".

insignificant effect on the organization. Theoretically, this greater degree of independence ought to have provided centre C a greater degree of autonomy.

Unfortunately, this was not the case. Financial difficulties were a concern as early as February, 1990.¹⁹ The board tried to alleviate these concerns by sending out newsletters and making follow-up calls to sixty churches who expressed an interest in centre C. Board members were to write acquaintances in the church community for assistance. Yet, the situation remained tenuous and in March, centre C assumed a \$25,000 line of credit in the event that borrowing became a necessity.²⁰ In April, the organization's chair and two other board members went to Toronto to meet with Rick Tobias of Evergreen (Toronto's largest downtown Mission catering to the disadvantaged) to discuss ways and means of fundraising.²¹ Still the situation remained uncertain. In September, the board discussed hiring someone not in the employ of centre C to raise funds on its behalf.²² Despite these efforts, by December 1990 centre C had failed to meet its budget for four consecutive months. Incoming revenues failed to cover the cost of running the facility and executive director 1C's salary.²³ It became necessary to borrow against a line of credit to cover base costs.²⁴

It was at this time that board members acknowledged its fundraising efforts lacked continuity and follow through.²⁵ When implemented, its strategy

¹⁹ Board of Directors Meeting Notes February 5, 1990.

²⁰ Board of Directors Meeting Notes March 20, 1990.

²¹ Board of Directors Meeting Notes April 17, 1990.

²² Board of Directors Meeting Notes September 11, 1990.

²³ Board of Directors Meeting Notes December 11, 1990.

²⁴ Board of Directors Meeting Notes December 11, 1990.

²⁵ Board of Directors Meeting Notes December 11, 1990.

had proven itself successful. The financial difficulties were the result of poor financial management and not the result of a fundamental problem in its fundraising strategy. In response to this admission, the board began planning and implementing a series of fundraising events. Dependent upon their success, the board would decide whether or not to plan more events on a monthly basis.²⁶ The first two of its planned events were successful and, consequently, others were planned.²⁷ Unfortunately, the board did not follow through with its plans to hold monthly fundraising events.²⁸ The organization continued to experience financial difficulties.

The board then began questioning the effectiveness of its strategy. In January, 1991, the board first broached the subject of whether or not to approach the secular or non-christian community. This is worth noting as five months later the subject was again on the agenda. This time the discussion went beyond the board room. Kitchener's local Member of Parliament and the Social Resource Planning Council were approached by a board member about possible government funding.²⁹ Another board member approached the United Way to inquire whether centre C qualified to receive funds.³⁰ Government funds were unavailable and upon learning what was required to qualify, centre C opted not to become a member of the United Way. Extrapolating from this, it is also likely that had it been available centre C would not have accepted government support.

²⁶ Board of Directors Meeting Notes December 11, 1990.

²⁷ Board of Directors Meeting Notes January 31, 1991.

²⁸ Directors Report April 9, 1991.

²⁹ Board of Directors Meeting Notes May 14, 1991.

³⁰ Board of Directors Meeting Notes June 11, 1991.

Financially, the situation did not improve. In September the board again approached those who had previously shown an interest in the organization.³¹ Once again this strategy proved successful.³² It is worth noting that this strategy was continuously being re-worked by the board. For example, originally the strategy was simply to raise enough funds to open and maintain the mission. Whereas this worked, the board in an effort to generate greater revenues began finessing its approach. Centre C's greater goals were divided into several smaller more attainable ones. The board created specific categories for donors to support, i.e., kitchen program, drop-in, salary support, counselling. Each gift would be designated with the understanding that when any given need was met, gifts would be used where they are most needed.³³ When the needs of each category were met organization goals would be attained; sufficient funds to operate the mission would have been secured. From a strategic perspective this component allowed donors to exert some control over how their gifts were spent and increase their level of involvement.

The strong role played by the board in this area is indicative of control being centralized with the forming elite (Panebianco:1988,50). It is not a great surprise that executive director 1C's participation was extremely limited and far from autonomous. As a charismatic leader his influence ought to have allowed him a more substantial role (Weber:1965,358-359). Executive director 1C too wanted to be more involved.

³¹ Board of Directors Meeting Notes September 10, 1991.

³² Board of Directors Meeting Notes January 21, 1992.

³³ Resolution passed at the December 10, 1991 Board of Meeting.

Yet, allowing executive director 1C to assume leadership of fundraising activities would create a major shift in how the board operated. Given the organizational formation pattern and the board's legal jurisdiction this was unlikely (Panebianco:1988,50). Rather than simply excluding executive director 1C from fundraising, the board incorporated him into its existing strategy. The first chair or chair 1C and executive director 1C would together contact donors. They would also work together to develop fundraising events.³⁴ This solution met with approval from both the board and executive director 1C. As a result, the conflict was resolved. The board retained control over the process and executive director 1C expanded his realm of influence within the organization. Since executive director 1C was not entrusted to raise funds independently, the dollars he raised during this phase were minimal.

Extrapolating from Panebianco, board behaviour was consistent with its formation pattern (Panebianco:1988,50). Executive director 1C's behaviour as a charismatic leader was also consistent with the Panebianco framework (Panebianco:1988,52-53). Conflicts arose when executive director 1C attempted to define his role in the organization. His advocating to be more involved in hiring decisions and fundraising and the board's responses to these demands are indicative of the relationship that developed between them. Executive director 1C would push for more responsibility and autonomy. If the board thought the idea had merit they would either allow executive director 1C to pursue it or incorporate his ideas into a solution that met with their satisfaction. If the board disagreed with executive director 1C, his requests would be denied.³⁵

³⁴ Board of Directors Meeting Notes November 19, 1990.

³⁵ Confidential interview, September 18, 1997.

In summary, the board retained control over hiring decisions and fundraising activities. It succeeded in raising sufficient funds to open the mission. In order to maximize its autonomy it chose to raise funds through a diversity of Christian sources.³⁶ It was unable to adequately staff the centre or to pay its existing expenditures. Executive director 1C's attempts to become involved in the resolution of these situations required board approval. He was unsuccessful in persuading the board to hire additional staff, and enjoyed only minor success in his efforts to become involved in fundraising. The board continued to exercise its control in these areas. However, its inconsistent performance affected organizational and financial stability. Consequently, when its survival was threatened, board reliance on the Christian community wavered somewhat. Yet, in order to ensure its religious mandate was not compromised, in the end the board chose to return to the Christian community and work more diligently to be successful in this arena.

Formation and Transformation Period

At the beginning of the post genesis stage little changed. Executive director 1C continued to make policy with regards to staff and client behaviour. He continued to fundraise with chair 1C and by the end of this period centre C had more than doubled its annual income. Regarding hiring policy, executive director 1C's frustration continued to grow. He perceived the unresolved dilemma as hindering the fulfillment of organizational goals. He needed staff to

³⁶ For more information on the relationship between autonomy and financial independence see Maren Lockwood Carden "The Institutionalization of Social Movements in Voluntary Organizations.", Research in Social Movements, vol.11, 1989.

do the things he thought needed to be done.³⁷ The board too would have liked to hire an additional staff person, but, as mentioned, the funds were not available to do so. Month after month the board acknowledged executive director 1C's concerns and re-committed itself to resolving the issue. Time and time again it would attempt to make a concerted effort at fundraising in order to resolve the situation. But, the board was unsuccessful in raising the necessary funds to hire a second staff person. Executive director 1C's wife began providing secretarial services to the centre free of charge.³⁸ Consequently, executive director 1C resolved to change the situation.³⁹ As a result of his involvement in these two areas significant changes occurred during this period.

Policy Development

In keeping with his charismatic personality, executive director 1C sought to alter the organizational pay structure. A large part of the budget was consumed by his salary. Therefore, without altering his salary level, executive director 1C proposed that the organization adopt an alternative salary structure which relied less on the board for its financing. This pay structure would be based on the mission model; a model commonly used within the Christian community. Within this model, the individual raises a proportion, if not all, of his/her salary. In this case, executive director 1C proposed that he would be responsible for raising the funds for his salary.

³⁷ Confidential interview, October 6, 1997.

³⁸ Board of Directors Meeting Notes January 21, 1992.

³⁹ Confidential interview, October 6, 1997.

It was executive director 1C's strategy that in implementing this model, the onus for raising payroll funds would shift away from the board to the individual. Executive director 1C hoped he would be able to secure his own salary and in the process create the opportunity for others to do the same. It was his intention that the board would no longer be able to cite a lack of funds as the reason for not hiring more staff. The model was adopted at the beginning of 1992.⁴⁰

Executive director 1C was very successful raising funds for his salary. Within two month, executive director 1C raised sufficient funds to save the organization \$14,500. Having done so, he again requested that the board use this model to hire a ministry staff person.⁴¹ The board agreed that since executive director 1C's funding was in place, it was feasible to hire an additional staff person.⁴² By May, a second staff person was approved for the position⁴³ and by June, 1992, she was on staff.⁴⁴ The mission model appeared to be successful and executive director 1C had his assistant. His charismatic personality and the board's inability to resolve the issue provided him with an opportunity to manipulate the situation. It is not unheard of that an executive director may possess this ability. Both Sensor and Zald describe similar scenarios in which an organizational executive director maximized his/her influence to orchestrate a desired outcome (Zald:1965; Sensor:1965,420-427).

⁴⁰ Confidential interview, October 6, 1997.

⁴¹ Memo from executive director 1C to Centre C's Board of Directors February 24, 1992.

⁴² Memo Report for Additional Staff Centre C, February 1992.

⁴³ Board of Directors Meeting Notes May 19, 1992.

⁴⁴ Board of Directors Meeting Notes June 22, 1992.

Fundraising Strategies

Executive director 1C believed that the board's performance in this area justified his attempt to be more involved in fundraising. This is indicated by his May, 1992 monthly report in which he complained of what he perceived as "a lack of organization at the board level."⁴⁵ He was referring specifically to board performance regarding fundraising.

His criticism was not unwarranted. An examination of the board meeting notes in the five months prior to his comments indicate that fundraising during this period was not a major priority.⁴⁶ Other than one event, there is no mention of actually raising dollars in the months preceding executive director 1C's criticism.

By July the organization had accrued a substantial amount of debt. The board was not unaware of the problem. At the July board meeting chair 1C outlined the need to raise funds and the most effective means of doing so. Along with the other board members, he then began planning a strategy to reduce the debt.⁴⁷

The strategy involved both a solicitation program and a special event. The solicitation program, the "Build Heart In The City" campaign, and the banquet to "Wipe Out The Loan" became fundraising focal points. Past and

⁴⁵ Report May 13, 1992.

⁴⁶ Board of Directors Meeting Notes from January 21, 1992 to May 19, 1992 inclusive.

⁴⁷ Board of Directors Meeting Notes July 14 and August 11, 1992

potential donors would be contacted to participate in helping centre C meet these two specific goals. It is worth noting that this theme oriented strategy varied little from the existing fundraising strategy, in that donors were encouraged to support specific goals. In this instance the program to be supported was the event itself. The board appeared to be working towards a solution. They believed they had the situation under control. Executive director 1C did not believe it was enough.

Unfortunately, he was right. In keeping with the its history of poor performance, the board was still reporting six months into the Build Heart In The City Campaign that it was getting a slow response.⁴⁸ Planning for the banquet, though progressing, was also slow. It would be held more than a year after the board began planning it.⁴⁹

Yet, despite board inconsistencies, centre C did survive. This was, in part, due to chair 1C. Chair 1C is well connected within the church community. Whenever the financial situation became dire, he would get on the phone and solicit sufficient donations to keep the centre open. According to executive director 1C and administrator 1C, chair 1C's involvement kept the doors to the centre open on more than one occasion.⁵⁰

Later, when administrator 1C joined the organization, his contribution would also aid centre C's survival. It was good fortune that administrator 1C became an additional avenue for generating revenue. Fundraising was not

⁴⁸ Board of Directors Meeting Notes January 19, 1993

⁴⁹ Board of Directors Meeting Notes June 29, 1993.

⁵⁰ Confidential interviews August 22, 1997, October 6, 1997, September 18, 1997.

something administrator 1C or the board initially intended him to do. Yet, as its first administrator, he was responsible for making deposits on behalf of the organization and writing cheques. Since he was involved at both ends of the transaction he saw too frequently that centre C was running a deficit. Consequently, administrator 1C too became involved in fundraising.

His main responsibility in the area of fundraising was to follow up on church support. This entailed learning who sat on each church committee,⁵¹ contacting the committee and arranging a presentation, and then following up to see if the committee would support centre C with money out of their budgets. It could be a long and time consuming process, but "it was where the money was".⁵²

This diversification appeared to work well. Though board performance was inconsistent, revenues increased due to the efforts of all those involved, including executive director 1C and administrator 1C. By 1993, the organization as a whole raised sufficiently more funds than it had in previous years. From 1991-1993, centre C more than doubled its generated revenues from \$66,808 to \$139,715.⁵³

⁵¹ Speakers often received donations after their talks. However, each church has a committee which determines who will benefit from the substantial amount of funds the church receives over the course of a year. Confidential interview, August 22, 1997.

⁵² Confidential interview, August 22, 1997.

⁵³ Year End statements from 1991 to 1993 show substantial gains first in the year that executive director 1C began raising his own salary, and then again in the year that administrator 1C became involved in fundraising. In 1990 the organization raised \$37,448 (for 7 months), in 1991 it raised 66,808, a little more on average than in its first year. In 1992, the year the salary structure changed, 109,386 was raised, and in 1993, Centre C's numbers jumped again to \$139,715. Year End Financial Statements from 1990 to 1993 inclusive.

In summary, fundraising efforts in conjunction with the participation of executive director 1C, administrator 1C, and chair 1C enabled the organization to more than double its annual revenues. The board continued to control and orchestrate how fundraising was accomplished. Furthermore, though the underlying principles of centre C remained unchanged, the board must be credited with making several changes to its implementation. The fundraising committee increased its focus on theme-oriented events. The overall process became more streamlined and efficient regarding who was responsible for a particular area.

Board behaviour during this period remained consistent with the organizational formation pattern. Executive director 1C's ability to assume a more active role in fundraising parallels Zald's findings that executive directors can influence decision making at the board level (Zald:1965). Executive director 1C was no more influential than any executive director in a similar situation.

It would be inaccurate to assume that the power structure was in some way altered by these changes. Executive director 1C had taken advantage of an organizational dilemma to change his role in fundraising. Hence, it would also be inaccurate to argue that administrator 1C's involvement with fundraising was in some way due to executive director 1C having weakened the board's hold in this area. Rather, since all others involved with fundraising were board members, it is more probable that administrator 1C's participation resulted from his position as a board member. In other words, those involved in fundraising were either among the organizational power brokers or, as in executive director 1C's case, enjoyed only limited influence.

Executive director 1C's influence in the policy making realm continued to be at the discretion of the board. His influence, as a charismatic leader, enabled him to affect the organizational pay structure, but only at the board's discretion. His proposal enjoyed board support because it was in its best interest. The board was unable to resolve its staff dilemma on its own. However, executive director 1C did not enjoy board support regarding his desire to exercise greater influence in the fundraising area. Regardless of board performance, fundraising fell under its jurisdiction. Charismatic leadership which disrupts the predictability of the other two genetic factors in political parties does not appear to apply to a situation where the charismatic leader is not among the organizational elite. Board behaviour was congruent with its legal position. If anything, executive director 1C's charismatic influence mirrors that of a situationally charismatic leader. He must barter and bargain with power brokers to affect change; not bully (Panebianco:53). In this type of scenario it appears that possessing a charismatic personality is not enough to affect change unless it is endorsed by the board of directors.

Organizational Crisis

Executive director 1C's growing confidence in his fundraising abilities in combination with his criticism of board performance in this area culminated in a situation whereby executive director 1C was no longer welcome at board meetings.

Executive director 1C, reading from his memo at the August 1992 board meeting, discussed "his vision for the future".⁵⁴ In his vision he would assume the role of mobilizer. As mobilizer, he believed that he could raise approximately \$200,000 for the coming year. Executive director 1C argued he should assume primary responsibility for raising funds for the organization, in the process greatly diminishing the board's role in this area. His proposal would not only grant him increased control, but would do so at board expense.

The idea of executive director 1C leading the organization's fundraising activities was not new. However, the board had always decided that limiting executive director 1C's participation was in his and their best interest.⁵⁵ Therefore, it is not surprising that the board did not agree with his plan. However, this time tensions surrounding the issue escalated to the point that executive director 1C was asked to leave the meeting.⁵⁶ In response to his behaviour the board decided in the future staff would attend board meetings by invitation only.⁵⁷ In his attempt to exercise more influence over the centre's development, the powerlessness of his position was revealed. He was unceremoniously removed from the greater policy making area. He was no longer allowed to attend board meetings. He was shut out.

According to executive director 1C, relations between him and the board continued to deteriorate at this time. Board members no longer dealt directly

⁵⁴ Board of Directors Meeting Notes August 11, 1992.

⁵⁵ Board of Directors Meeting Notes November 19, 1990.

⁵⁶ Confidential interview, October 6, 1997.

⁵⁷ Board of Directors Meeting Notes August 11, 1992.

with him. As executive director this situation became intolerable for him.⁵⁸ Organizationally, centre C was at a crisis point.

In November, 1992, executive director 1C tendered his resignation for the coming June. He did not want to leave but felt he had no alternative other than to table his resignation in the hopes that this would open the board to a reconciliation process. His resignation was accepted.⁵⁹

Ironically, executive director 1C's three year battle to convince centre C to hire an administrative assistant was resolved as a result of his resignation. In January, 1993, two months after executive director 1C resigned, administrator 1C joined the board and took on the responsibility of the centre's first administrator.⁶⁰ He would be instrumental in resolving the situation between executive director 1C and the board. He was able to do so for the following three reasons.

(1) Administrator 1C functioned both as a board member and the administrator. As such, he also became a liaison person for executive director 1C and the board. Not only did he represent the board at the centre, but he also came to represent the centre at the board level. Through administrator 1C executive director 1C was again able to express his concerns at the board level. This made reconciliation between executive director 1C and the board a possibility.

⁵⁸ Confidential interview, October 6, 1997.

⁵⁹ Board of Directors Meeting Notes November 17, 1992.

⁶⁰ Board of Directors Meeting Notes January 9, 1993.

(2) As a board member administrator 1C was part of the elite. As such, his credibility, unlike executive director 1C, was beyond reproach. According to executive director 1C, for the first time the board was beginning to understand all that was actually occurring at the centre. Board members began to realize that their expectations of executive director 1C were unreasonable. Without support he could not make the mission work.⁶¹

(3) Administrator 1C's skills and weaknesses counterbalanced executive director 1C. They were opposites who complemented one another.⁶² From a skills perspective, administrator 1C's administrative strength and executive director 1C's people skills balanced one another.⁶³

Together, executive director 1C and administrator 1C were able to effectively run the centre. Needless to say, the ability to function well independently improved the situation between executive director 1C and the board. As chair 1C put it, the addition of administrator 1C "suddenly made it easier for the board to back off because executive director 1C didn't need us and administrator 1C was good at all the things that the board would otherwise do".⁶⁴

As a result of its improved management, the ministry enjoyed its most productive year since its inception.⁶⁵ By freeing executive director 1C of centre

⁶¹ Confidential interviews, August 22, 1997, October 6, 1997, September 18, 1997.

⁶² Confidential interviews, August 22, 1997, October 6, 1997, September 18, 1997.

⁶³ Confidential interviews, August 22, 1997, October 6, 1997, September 18, 1997.

⁶⁴ Confidential interview, September 18, 1997.

⁶⁵ Confidential interviews, August 22, 1997, September 18, 1997, October 6, 1997.

administration, administrator 1C enabled him to focus on evangelizing. Consequently, more people at the centre than in previous years accepted Christ as their savior. The centre ran so well that executive director 1C's resignation too became a moot point.

To summarize, executive director 1C's behaviour cost him the privilege of participating at the board level. His position in the organization made this possible. If executive director 1C had been a member of the board the situation could likely have been resolved in his favour. Instead its legal position in conjunction with its formation pattern suppressed executive director 1C's influence. Consequently, his only means of effecting change was to resign. His resignation illustrates the degree to which the board and the centre had ceased to function as two parts of one entity. At the time of the resignation the situation could have gone either way. His charisma did not accord him the ability to prevent this outcome. This indicates that the influences of a charismatic executive director at the board level is limited by the organization's legal power structure.

Administrator 1C's role in this reconciliation cannot be overstated. His presence helped resolve the ongoing tensions between the board and executive director 1C. He gave, as the liaison officer, the voices of those at the centre validity at the board level. Furthermore, his administrative strengths enabled the board to back off and executive director 1C to excel in his areas of expertise. The efficient running of the centre, and the renewed confidence in executive director 1C and administrator 1C as a team, reduced tensions and as a result improved organizational stability. Overall, administrator 1C's presence brought peace to a contentious and otherwise unworkable situation. Both chair

1C and executive director 1C claim that administrator 1C was the saviour of centre C.⁶⁶

Financial Crisis

The strategy of diversification that enabled centre C to more than double its revenues in a three year period failed to repeat its success in 1994. In the fall of 1994, the organization failed to meet its projected earnings. As a result it ended up \$20,000 in the red.⁶⁷ Since its inception this was the first year in which revenues declined rather than increased from one year to the next.

Experiencing periods of financial duress were not uncommon at centre C. Generally, revenues fell short of their projected goals some months and yielded a surplus in others⁶⁸. It is perhaps because of this pattern that the organization did not foresee the severe difficulties it was about to experience. Only in hindsight was it able to recognize this period as the beginning of a financial crisis unlike any of its predecessors.⁶⁹

Revenues continued to decline into 1995. In order to meet expenditures the organization had to raise an average of \$12,000/month. In January 1995 only \$3,300 was raised and in February even less.⁷⁰ By March centre C had acquired almost \$7,000 in outstanding bills.⁷¹ The situation began to improve

⁶⁶ Confidential interviews September 18, 1997, October 6, 1997.

⁶⁷ Proposed Budget:1994 and Year End Summary For 1994.

⁶⁸ Board of Directors Meeting Notes April 27, 1993, March 28, 1994. Centre C's 1990 Monthly Budget Report: 12 months ending December.

⁶⁹ Confidential interviews, August 22, 1997, September 18, 1997.

⁷⁰ Board of Directors Meeting Notes March 6, 1995.

⁷¹ Board of Directors Meeting Notes March 6, 1995.

somewhat in May and by June bills were being paid. Despite this improvement, revenues continued to be \$4,000 below the centre's projected year to date.⁷² This marked almost a year of declining revenues.

According to chair 1C and administrator 1C, executive director 1C's departure was the primary cause of this crisis.⁷³ Board meeting notes suggest that the mission model salary structure also contributed to the crisis. Together these two factors made the fall and winter of 1994 a financially difficult period.

Executive director 1C decided in March, 1994, he would return to his studies full-time in the fall. Theoretically, this should not have posed a problem. Executive director 1C was supposed to raise funds for the organization as a whole, rather than himself. The funds he raised would be used first to cover his salary with any surplus being used to cover other expenses. It was believed that this practice would encourage donors, regardless of who the executive director was, to support the organization. This was done with the premise that in the event that executive director 1C should leave centre C, its financial situation would be little, if at all, effected.⁷⁴ In theory, this was a good idea. In practice, it did not occur. Rather, executive director 1C's departure greatly affected the established means of fundraising. The board had come to rely heavily on his fundraising success. He was so successful in this area that he became chief fundraiser.⁷⁵ He brought more money into the organization than any of its members. It appears that although executive director 1C's charisma was unable to alter how power was exercised within the organization, it granted

⁷² Board of Directors Meeting Notes May 29, 1995.

⁷³ Confidential interviews, August 22, 1997, September 18, 1997.

⁷⁴ Confidential interview, October 6, 1997.

⁷⁵ Confidential interview, October 6, 1997.

him a loyal following in the community. When he departed so too did many of his financial supporters. In other words, upon executive director 1C's departure centre C's revenues declined dramatically. This indicates, although indirectly, that charisma can effect the financial stability and survival of organizations such as centre C. This is common with the departure of a charismatic leader (Panebianco:1988,144; Weber:1965,364)

In giving the board nine months notice, it was executive director 1C's intention to ease himself out of the organization from September to December while helping his replacement to take over. Without this replacement the organization was short one key full-time employee. Consequently, administrator 1C ended up assuming some of executive director 1C's prior responsibilities in addition to his own. Organizationally this was a disaster. The mission lost its key full time staff person, increased the workload of its remaining full-time staff person and none of this was taken into account. The centre was expected to continue functioning as it always had. Needless to say, with executive director 1C's departure and the increased demands placed on administrator 1C, fundraising was negatively affected.

In all fairness to the board, though a replacement for executive director 1C was not hired prior to his departure, a part-time replacement, one of the original board members and once a candidate for executive director 1C's job,⁷⁶ was hired in the fall of 1994 to head up the recruitment of key volunteers and to take over transitional ministries; two areas that were previously the responsibility of executive director 1C.⁷⁷ One might assume that with executive

⁷⁶ Confidential interview, October 6, 1997.

⁷⁷ Board of Directors Meeting September 29, 1994.

director 1C's part-time commitment and a part-time staff person the needs of centre C would be met. This did not occur. Primarily this was because the additional staff member did not help the financial situation. Unlike executive director 1C, he was not involved with fundraising. Hence, no one assumed responsibility for doing executive director 1C's share of the fundraising. The situation was then further exacerbated as the part-time staff member had difficulties raising his own support. In the end, he refused to do so, and the board ended up compensating him for his time.⁷⁸ In other words, not only did the organization lose its key fundraiser and not replace him but it also acquired an additional financial expenditure.

This last point brings us to the second key factor contributing to the financial crisis at centre C. The mission model salary structure created problems as well as solving them. Executive director 1C's part-time replacement was not the only one, nor the first to experience difficulties in raising his own support.

Executive director 1C's assistant, the woman whose hiring was made possible by the adoption of the mission salary model, also experienced problems raising her own support. Within two months of her start date, she began experiencing difficulty in raising her share of her salary. Similar scenarios occurred with other employees. A counsellor who worked for centre C also struggled to raise his own support, as did a part-time floating shift leader. In all three cases the board had to provide funds for those involved.⁷⁹ The

⁷⁸ Confidential interviews, July 10, 1997, September 18, 1997, August 22, 1997.

⁷⁹ Board of Directors Meeting Notes September 8, 1992; November 27, 1995.

model that allowed executive director 1C to hire an assistant created difficulties for others who lacked his fundraising abilities. Despite these difficulties, the board opted to retain this salary structure, providing financial assistance when required. It was less costly to the board than the previous pay scheme. Furthermore, executive director 1C's success not only covered his salary expenses, but also generated a much needed surplus. Losing either of these financial benefits would not have been in the best interest of the board.

However, the situation changed dramatically with executive director 1C's departure when the hidden costs of this model were revealed. Suddenly, the board had to support all staff. Executive director 1C's salary no longer had to be paid but it had to provide 100% of his part-time replacement's salary. Hence, within a period of a few months revenues fell dramatically, and it became evident that the board had come to rely too heavily on executive director 1C's contributions to sustain the centre. These two factors, coupled with the inherent problems of its salary structure, were responsible for its financial crisis.

Given these circumstances, it makes it all the more remarkable that the organization went from a state of crisis to one of relative stability in little less than a year. By the end of November all outstanding bills were paid except for \$4,333 owed administrator 1C.⁸⁰ The ability to survive this crisis can be correlated to a series of practices developed both prior to and in response to the crisis.

⁸⁰ Board of Directors Meeting Notes November 27, 1995.

(1) In 1995, administrator 1C put into place some basic administrative practices that enabled the organization (administrator 1C and the board in particular) to assess its financial situation on a monthly basis.⁸¹ Based on historical data, these reports provided administrator 1C and the board with a better understanding of the challenges before them and provided them with an opportunity to gain some control over the situation.

(2) In 1994, administrator 1C began amalgamating all existing donor lists to create one donor list. The new list included anyone who had ever given to centre C. These individuals and organizations were to become the prime target group for all future fundraisers.⁸² Unfortunately, it was not completed in time to prevent the impending crisis.

(3) In August, 1995, the fundraising committee set itself four goals: (i) to raise \$6,000 in two months to pay all outstanding bills; (ii) to develop a plan for funding regular budgetary expenses; (iii) to develop a plan for long term debt reduction and (iv) to plan for a perpetual fund.⁸³ The computerized donor list was used to accomplish the first three goals. Past donors were solicited at regular intervals to aid in meeting the budgetary expenses and to help reduce its debt. These calling blitzes would be run as special events focussing first on one goal and then another. It was decided that it was too early to plan for a perpetual fund (the committee's fourth goal).⁸⁴

⁸¹ Confidential interview, August 22, 1997.

⁸² Document "Strategies For Implementing Support Strategy Proposal" July 25, 1994.

⁸³ Fundraising Report September 1995.

⁸⁴ Fundraising Report September 1995.

(4) Centre C established the Foundation for Freedom. This foundation, unlike those often applied to for funding, was an in-house developed foundation designed to meet the administrative costs of running the organization. Donors being solicited by centre C were encouraged to designate their gifts specifically to the Foundation For Freedom. Its goal was to recruit at least 50 people to pledge \$50 a month to help cover rent, telephone, utilities, insurance, and other general administrative costs.⁸⁵ In many ways this idea was the culmination of what had been successful in the past: it was theme oriented, goal specific, and utilized the expanded donor list. According to administrator 1C, the Foundation For Freedom was geared strictly to enhancing long term financial stability.

(5) Administrator 1C became more involved with fundraising. He planned several major fundraising events: golf-a-thon; banquet; garage sale and a bar-b-que.⁸⁶ The funds generated from these additional events further improved the financial standing of centre C.

The financial crisis was resolved as a consequence of these changes. Interestingly, in the process of dealing with this crisis the organization developed its fundraising strategy to the point where it began generating enough funds to support the centre. The organization became more financially stable than it had ever been. By May of 1996, centre C had a surplus of almost \$5,000 in the bank and was considering paying off the principle of one of its loan.⁸⁷ A far cry from being unable to pay its bills

⁸⁵ Board of Directors Meeting Notes November 27, 1995.

⁸⁶ Board of Directors Meeting Notes July 31, 1995

⁸⁷ Board of Directors Meeting Notes May 29, 1996.

In summary the resolution of the financial crisis is consistent with the findings of Panebianco's genetic model. The board elite continued to exert control over the fundraising strategy. Its diverse fundraising was overall sound. Executive director 1C's departure was financially devastating for two reasons: (1) centre C had underestimated the impact executive director 1C's charisma had on his ability to fundraise (without Mr. Centre C donations dropped dramatically); and (2) executive director 1C's success had allowed the board the luxury of insufficiently developing other modes of fundraising. This, in conjunction with the problems of its salary structure, presented the board with a challenging situation in dire need of a resolution. Fortunately, the board remained involved and in control of fundraising practices.

In the event that it had relinquished control to executive director 1C in this area, as he had earlier suggested, the scenario may well have been different. In this case it was to the organization's advantage that its charismatic leader was not a board member nor one of its founding members. Its ability to retain control over the fundraising practices enabled it to survive executive director 1C's departure and develop a viable alternative means of raising funds.

The board strategy of raising funds through a diversity of means was responsible for centre C's speedy recovery. It was this same diversity that allowed executive director 1C to participate in the fundraising process that also ensured the board continued to be involved in the fundraising process and also encouraged administrator 1C's participation. His role cannot be overlooked. It was his strong administrative skills that provided the board, and in particular its fundraising committee, with the necessary information and support to set and accomplish its goals.

Conclusion

The legal jurisdiction of the board in conjunction with its genetic code created a hierarchical power structure that limited the influence of a later recruited charismatic leader. Much to executive director 1C's dismay, conflicts were always resolved to board satisfaction. He was able to effect change only when it was to the advantage of the board and enjoyed its support. Not surprisingly, this type of scenario is far from conflict free. Rather, peace seemed to exist only when the board and executive director 1C were in agreement. This is in keeping with Zald's and Sensor's observations that unresolved dilemmas create otherwise unavailable opportunities for executive directors to influence board decision making (Zald:1967; Sensor:1965).

Organizationally, executive director 1C's behaviour was consistent with the descriptions of charismatic leadership provided by Panebianco and Weber (Panebianco:1988,66; Weber:1965,358-359). Yet, his charisma was, at best, tolerated as situational charisma (Panebianco:1988,66). The board's legal position, in conjunction with its territorial penetration formation pattern, suppressed executive director 1C's charismatic authority. It is this combination of factors that led to the organizational crisis. Yet, it was also because power was centralized at the board level that the situation was resolved. In recruiting administrator 1C, the situation would have been resolved with or without the participation of executive director 1C. This is indicated by administrator 1C's role in resolving both crises. Executive director 1C's decision to remain at centre C was no more than an unexpected extra to the crisis resolution.

Financially, the strategy of raising funds through a diversity of means proved in the end to be a saving grace. By the same token the inconsistent performance of the board in this area was responsible for much of its financial duress. Furthermore, it enabled executive director 1C's charismatic personality, much to the later detriment of centre C, to generate the majority of the centre's revenue. Not surprisingly, when executive director 1C departed the organization had not developed to a point where it was able to prevent financial misfortunes from becoming a financial crisis. Though indirectly, this indicates that charisma at the agency level can effect the development of these types of organizations. The ability to quickly resolve its financial crisis highlights the necessity of making consistent and concentrated efforts in this area. It also illustrates the importance of board involvement in this area.

In closing, the eventual success of centre C indicates that a non-profit service provider can possess a great deal of autonomy vis-a-vis its environment. Centre C's problems, both organizationally and financially, were internal and not the result of environmental change. In sum, board ability to retain control over fundraising strategies enabled centre C to not only survive executive director 1C's departure, but to become a more stable and self-reliant organization. As a result, it was less affected by environmental changes.

This thesis examined the development paths of three drop-in centres offering support and guidance to street youth. All these centres were created during the same time period (late 1980's/early 1990's) in southwestern Ontario. Consequently, they were subject to similar environmental factors. Yet, despite these similarities, their development paths differ. In some instances, these variances are pronounced, but for the most part they are subtle and only a matter of degree. Still, they affect the stability, autonomy and possible longevity of these programs.

This chapter will discuss these differences and their effects on the organizations studied. The same three time development periods discussed in each case study are examined: point of origin, character formation and transformation, and periods of crisis.

Point of Origin

Centre C and centre B were both formed through a process of territorial penetration. Both facilities were operated by charismatic leaders and external sponsorship was not a factor for either of them. The leader at centre C was recruited by the board a year after it was formed while at centre B the leader was one of the two original founding members.

The influence of the leader within the organization was always tempered by the board at centre C board. From day one the board retained control over fundraising and hiring practices. Its charismatic leader made a concerted effort to persuade the board to hire a support person and to allow him to raise funds.

After much lobbying the board allowed him to participate in the process of raising funds, but only under the accompaniment of the chair.

Regarding fundraising, the board chose to focus its efforts on soliciting the Christian community. It found sufficient support for its evangelistic mandate to finance opening the centre. The diversity of this sector provided centre C with an initial donor base of one hundred and thirty-one donors.

Executive director 1C attended board meetings and was allowed to voice his opinions and concerns. He did not, however, have a vote at the board level. He also did not have direct access to financial information. This information was controlled by the board. This does not mean that executive director 1C was not without any influence over the facility. During this period he developed all its policies and procedures. The board granted him complete autonomy in this realm. His ability to influence policy, however, was limited to developing policies and procedures for the drop-in centre.

Power was centralized at the board level by the founding members (Panebianco:1988,51) The board tolerated his charisma as situational charisma (Panebianco:1988,52). He had to barter and bargain with the board in order to affect change (Panebianco:1988,52). He was successful in his attempt to become involved with fundraising, but unsuccessful in persuading the board to hire a support person.

Centre B's charismatic leader exerted more influence during this period than did centre C's charismatic leader. Like executive director 1C, she too

developed all policies and procedures. Unlike him, her influence extended beyond this realm.

She was the primary fundraiser and spokesperson. She approached the United Way for funding. She ran the bingos and she, along with a board member, wrote all grant proposals. These three major revenue generating sources were responsible for 95% of its first year budget. Executive director 1B controlled finances and she was the one who informed the board of its financial situation. Initially, she alone signed all organization cheques.

Furthermore, executive director 1B also attended board meetings. However, unlike executive director 1C, she was a working member of the board. She did not have a vote at the board level, but she sat on all committees as an equal member. All board decisions were made jointly. Her level of participation was unquestioned.¹

Executive director 1B's influence is more in keeping with what is expected of a charismatic leader. She was influential in all areas and exercised control over the majority of them (Weber:1965,358-360). She was the undisputed leader of centre B because she inspired others, including the board members she had personally recruited to help her achieve her goal (McClelland:1984,65). They were devoted to her. Centre B was her project.

Both organizations possessed common genetic factors: they were formed through territorial penetration, their first executive directors were charismatic

¹ Confidential Interview, October 13, 1997.

leaders and neither were influenced by external sponsorship. Yet, power was exercised differently. Part of this may be the result of individual personalities at both the centre and board levels. Yet, executive director 1B's greater level of influence may also be attributed to two other factors. (1) She was part of the forming elite. Since power tends to reside with the founding elite, her role as an original member strengthened her influence (Panebianco:1988,51). (2) The board recruited by executive director 1B expected her to assume leadership of the organization. This further increased the likelihood that she would do so (Widmer:1989). These factors in conjunction with her charismatic personality provided her a greater degree of influence in comparison to executive director 1C who was also charismatic. In his case, the board expected and intended to control the development of centre B. This in conjunction with its founding elite being centralized at the board level, limited rather than enhanced executive director 1C's ability to affect change.

Centre A was formed through a process of territorial diffusion. External sponsorship is also part of its genetic code. To further complicate matters, centre A's external sponsor contracted the administration of the drop-in centre to another organization. Consequently, centre A is accountable to two organizations. Supervisor 1A, the individual responsible for the daily operation, like executive director 1B and executive director 1C, was responsible for all policy decisions specific to the centre. She did not, however, enjoy *carte blanche* in this area.

Centre A, unlike centre B and centre C, is governed by policies set by the Ministry of Community and Social Services, its external sponsor, and its parent organization which is contracted by the Ministry to oversee the operation of the

centre. Therefore, though supervisor 1A, executive director 1B, and executive director 1C were all responsible for policy decisions pertaining to their drop-in centres, executive director 1B and executive director 1C enjoyed a greater degree of influence over these matters than did supervisor 1A. All supervisor 1A's decisions were subject to Ministry and parental approval. Policy at centre A had to comply with pre-existing guidelines. In comparison to both executive director 1B and executive director 1C, supervisor 1A had less freedom to develop policy as she saw fit. This difference can be linked to the fact that organizations formed by external sponsors tend to enjoy less freedom of action than their non sponsored counterparts (Hsu, Marsh and Mannari:1983; Panebianco:1988,55-56). Unlike executive director 1C and executive director 1B, supervisor 1A had no influence on policy decisions beyond the drop-in centre level. This can be attributed to three factors. (1) Power was centralized with the organization elite and not at centre A. (2) Supervisor 1A was not part of the organizational elite as was executive director 1B. (3) Executive director 1C's influence was the result of his desire to be involved with developing policy which was under board jurisdiction; a desire not shared by supervisor 1A.

Also unlike executive director 1B, supervisor 1A, like executive director 1C, did not originally participate in fundraising for the facility. Centre A's finances were controlled by the Ministry, which paid its staff's salaries, and its parent organization, who paid any other outstanding expenses. Supervisor 1A was given a petty cash from which to pay small expenses as they arose. These receipts had to be reconciled with parent A. This was her only financial responsibility. There was no reason for supervisor 1A's to participate in any of the facility's financial decisions.

In this case, her responsibilities were similar to executive director 1C's as he too did not participate in financial matters at centre C. In both instances, power and control over finances were centralized elsewhere; at the board level with centre C and the Ministry and the parent level at centre A.

The Ministry's control over centre A has been pronounced since the early days of the drop-in centre. Its decision to temporarily suspend funding causing parent A to shut down the centre established it as the organization's locus of control. Shortly thereafter, parent A's decision to terminate supervisor 1A indicated that centre A was also accountable to parent A. The outcome of both situations illustrates centre A's low degree of autonomy; not an uncommon phenomenon among sponsored organizations (Hsu, Marsh, Mannari:1983; Carden:1989; Panebianco:1988,55-56).

To summarize, executive director 1B enjoyed the greatest amount of autonomy. Executive director 1C pushed to assume more responsibility and supervisor 1A did not attempt to expand her realm of influence. The board at centre B supported executive director 1B's efforts to guide the organization. The board at centre C controlled the development path but allowed executive director 1C to participate in a limited capacity. MCSS and parent A were primarily concerned that centre A and supervisor 1A conformed to their standards. When necessary, they took action to ensure this occurred. Executive director 1B and executive director 1C were both charismatic leaders, but their roles in the formation of each facility differed as did the relationships with their respective boards. Their differing levels of influence may relate to the presence of these two factors. The responsibilities of executive director 1C and supervisor 1A were initially similar. Their differences in personality, however,

caused executive director 1C to lobby for greater participation in the organization. This in conjunction with centre A's external sponsorship resulted in their differing roles and levels of influence.

Levels of organizational autonomy varied greatly between centre A and the other two drop-in centres. Centre A's lack of autonomy was illustrated by the Ministry ability to shut-down the centre. Though centre C and centre B both struggled financially, neither of their strategies revealed any potential impact on organizational autonomy, which during this time was uncertain.

Formation And Transformation Periods

Executive director 1B's role at centre B remained unchanged during this period. She continued to be involved with and oversee all decisions affecting the running of the centre. Even during her maternity leave, the board consulted with her prior to making any changes. Her maternity leave replacement enjoyed a similar level of autonomy. Any restrictions placed upon him were the result of executive director 1B's continuous involvement. The board did not interfere and, depending upon executive director 1B's approval, supported his proposed changes. For the most part the board continued to play a secondary role in the operation of the centre, even during her maternity leave.

His freedom, flexibility and ability to promote change suggests that powers of influence derived from the charismatic personality of executive director 1B became entrenched in the organizational character. In the process this empowered those in her position with more influence than they would otherwise have enjoyed. This indicates that any privileges culminating from her

charisma became routinized. In this case "recognition was no longer paid to her charismatic qualities but to the legitimacy of the position and those who held it" (Weber:1965,366). However, without her role as a founding member this routinization process would likely not have occurred (Panebianco:1988,51; Widmer:1989). It was combination of these three factors that provided her with her powers of influence; not one to the exclusion of the other two. This claim is supported by executive director 1C's inability to exercise similar levels of influence.

During this period executive director 1C expanded his role within the organization. This was primarily due to the board's inability to pay his salary consistently. A mini-crisis ensuing from this situation created an opportunity for executive director 1C to affect the pay structure. He was able to influence the board into adopting his proposed changes because the board was unable to do so. He took advantage of uncertainty at the board level to create support for his solution. His ability to do so is consistent with Zald's and Sensor's observations that under certain circumstances an executive director can manipulate change at the board level (Zald:1965; Sensor:1965,420-427).

To ensure he was paid regularly executive director 1C began to raise his own salary support. By changing the pay structure the board inadvertently created a scenario which enabled him to become a more active participant in fundraising at centre C. Over time he became its most successful fundraiser.

A diversified approach to fundraising was not new to the board. In addition to board efforts, the chair did a great deal of fundraising independently. Hence, increasing executive director 1C's responsibilities did not in anyway

alter an established pattern. It is worth noting that the board continued to supervise executive director 1C's efforts and ensure that the funds he raised were on behalf of centre C, and not solely in support of himself.

As a result of his success in this area he was able to influence the board's position on hiring additional staff. Executive director 1C had continuously lobbied for an additional staff member. Though in agreement with executive director 1C, the board claimed it was not financially possible to do so. When executive director 1C succeeded in raising funds for his own salary, he re-approached the board and argued that an additional staff member could easily be hired on the premise that he/she would raise a portion of his/her own salary. The board acquiesced and a support person for executive director 1C was hired. The decision to hire someone was, however, at the discretion of the board. Power remained centralized at the board level. Executive director 1C was only able to affect change as the board was unable to develop its own solution and the board endorsed his proposal (Zald:1965).

Board support in both cases was required. Therefore, though executive director 1C's role was somewhat expanded, it was always at the discretion of the board. In keeping with its original pattern, the board continued to control all aspect of the operation: either directly or indirectly through supervision (Panebianco:1988,51).

At centre A, parent A's executive director assumed responsibility for the drop-in centre until a new executive director was hired. Her assumed role as supervisor indicates centre A's inability to influence or resolve its hiring dilemma. Unlike executive director 1C, staff at centre A did not see themselves

as part of the solution to the problem. Rather, they waited for parent A to resolve it. Some months later supervisor 2A was hired as centre A's new supervisor.

When supervisor 2A was hired the drop-in centre had become accustomed to greater levels of supervision. Hence, supervisor 2A enjoyed less freedom than supervisor 1A as he was subject to stricter rules and more guidelines. Supervisor 2A had no problem with this as he was content to function within these parameters.

Supervisor 2A did develop some policy but for the most part the centre continued to function without program specific policy. Supervisor 2A relied on the guidelines, policies and procedures set by the Ministry of Community and Social Services and parent A. With regards to fundraising, MCSS and parent A continued to exercise financial control over centre A. Those at centre A remained inactive in this area. This had become centre A's organizational pattern; a behaviour pattern not inconsistent with that of other sponsored organizations (Panebianco:1988,55-56,64; Carden:1989)

At centre B, executive director 1B in conjunction with the board expanded its fundraising strategy to include various special events and lottery tickets. Executive director 1B was involved in these new ventures and fundraising for the most part remained her responsibility. The centre appeared to be prospering. Its strategy of supplementing its three primary revenue generating sources appeared to be creating financial stability.

Though the board at centre C retained control over fundraising, its sporadic efforts yielded inconsistent results. Financially, stability continued to

elude the centre. Executive director 1C's charisma parlayed his involvement into the role of chief fundraiser. During this time he became known as "Mr. Centre C". In keeping with Panebianco's observation this did not alter the board's perception of its role in the organization. Power remained centralized at the board level (Panebianco:1988,51)

In summary, the original pattern of relying on executive director 1B's leadership remained unchanged at centre B, even in her absence. As a result her replacement enjoyed more autonomy than either executive director 1C or supervisor 2A. Executive director 1C's determination to affect change, however, resulted in his assuming new responsibilities. He still reported to and was supervised by the board, but he played a more active role in financing organizational development. On the other hand, parent A's increased supervision of centre A meant stricter rules and less flexibility for centre A's supervisor.

During this time, organizational behaviour at all three centres remained consistent. The board at centre B continued to play a secondary role to its executive director. Executive director 1B and her temporary replacement operated with little or no supervision and guidance from the board. They enjoyed a greater degree of autonomy than either executive director 1C or supervisor 2A. Executive director 1C was able to manipulate change but only at the discretion of the board and because of its inability to develop its own solution. His drive to do so contributed to his success in this area. It is necessary to note that his personality alone was insufficient to expand his influence beyond these problem areas. Though supervisor 2A developed some policy during this period, it was minimal.

If anything, patterns in each organization's behavior became more visibly defined during this period in their development. It demonstrated that at centre B the powers vested in executive director 1B became entrenched in her position. At centre C it is evident that executive director 1C could affect change at the board level when the board was unable to resolve an issue on its own and when his proposal enjoyed board support. It became apparent that centre A exercised no control over staffing and parent A's increased supervision illustrated that centre A was subject to scrutiny not only directly by the Ministry but also by parent A, its partner. Comparatively, the executive director at centre B defined his/her position while supervisor 2A and executive director 1C did not possess enjoy this privilege.

Crises

Two of the three drop-in centres experienced organizational crises. The causes of both were different. Centre C found itself in a crisis situation provoked by executive director 1C, or more accurately, by his personality. After executive director 1C became successful at fundraising, he wanted to assume more responsibility within the organization. Conflicts between him and the board were common. Regardless, executive director 1C had always attended board meetings but during one meeting in which executive director 1C openly criticized the board's poor performance and argued he should assume greater control over fundraising, he was asked to leave indefinitely. Three months later, relations between executive director 1C and the board deteriorated to the point that executive director 1C tendered his resignation. He believed resigning was

the only opportunity left to him to re-open the lines of communication.² He did not want to leave but realized the situation in its present state was unworkable. Once again by tendering his resignation he tried to manipulate the board into resolving an on-going dilemma (Zald:1965).

In this case, administrator 1C, an external party, was recruited to act as liaison between executive director 1C and the board until executive director 1C's departure the following June. Administrator 1C was to serve as a board member and be involved in an administrative capacity at the centre. His presence allowed executive director 1C's concerns and board expectations to be reconciled in an objective manner. Administrator 1C's status as board member enabled him to bring about changes that had eluded executive director 1C. He was part of the elite power structure. As a result of these changes the drop-in centre flourished and in 1993 it experienced its most productive year. By January of 1994, executive director 1C was again allowed to attend board meetings but by invitation only. This became standard practice with centre staff.

This crisis illustrated that despite executive director 1C's grand successes the board controlled the organization. It was the board that exiled him from their meetings, it was the board who recruited administrator 1C to act as their representative at the centre, and it was the board which set new policy in regards to staff presence at board meetings. Board conduct was consistent with Panebianco's observations that power tends to reside with the founding elite (Panebianco:1988,51). In this case the board's legal jurisdiction over the drop-in centre unequivocally established it as the center of power.

² Confidential Interview, October 6, 1997.

Executive director 1C's passion and charisma in this situation created havoc. This is a further indication that his past successes occurred because he offered solutions to ongoing problems the board was unable to resolve. Since the board did not perceive the financial situation centre C was in to be a crisis until later, they were not interested in executive director 1C's proposal. Therefore, when executive director 1C became passionate about his proposal and critical of their abilities, they withdrew his privilege to attend board meetings. This made it clear that any influence executive director 1C exerted on the organization had always been at board discretion, a factor of its inability to resolve specific situations and not simply the result of his charisma.

Problems at centre A escalated after supervisor 2A's departure to the point where they eventually reached crisis proportion. Staffing at the drop-in centre was reduced to one centre A staff person and two staff members on loan from another organization. One of parent A's directors of services provided part-time supervisory support. From a staffing perspective, centre A was in crisis. Eventually, supervisor 3A was hired to turn centre A around. He was very personable and determined to make the centre work. He wrote policy, developed procedure and created forms independently and together with those at the centre. His director of services, worked with him to have these changes approved by parent A's executive director. Supervisor 3A's efforts brought formal structure and routine to centre A.

Supervisor 3A was able to do so because he was mandated to do so. His job was to turn centre A around and his superiors supported his efforts. They did not relinquish control over centre A. This is evident by their involvement at both the director of services level and the executive director

level. All formal policies and procedures first required the director of services' approval and then the executive director's. Supervisor 3A was able to implement these changes at parent A's discretion: a common situation among externally sponsored organizations (Panebianco:1988,55-56; Hsu, Marsh and Mannari:1983) Supervisor 3A's proposals were limited in scope even before they have developed.

Supervisor 3A was likely successful in turning centre A around not only because his superiors were supportive but also because of his personality. Though he is not described as charismatic his desire to promote structure and implement change differentiates him from his predecessors. Therefore, like executive director 1C, he was able to influence change because centre A was in a crisis situation, he possessed the desire to do so, and he was supported in his efforts by his supervisors.

This is especially noteworthy because of the genetic codes of centre C and centre A. Their formation patterns are different; centre A is the product of an external sponsor, while centre C's original executive director was charismatic. Yet, despite these differences, these crisis scenarios illustrate that power does not reside at the staff level. Power at centre C is exercised at the discretion of its board. Power at centre A is exercised at the discretion of the Ministry of Community and Social Services, parent A's board, its executive director, and its director of services. The result, however, is the same. Executive director 1C and supervisor 3A could only influence change at the discretion of others.

Executive director 1C caused an organizational crisis while supervisor 3A resolved one. It is possible that personality may play a role in bringing about

both positive and/or negative organizational change. Hence, this development supports the possibility that the genetic code of a non-profit organization may play a role in its development, but its impact is limited by the organizational structure adopted by these agencies in order to acquire charitable status. Power, regardless of the organization's genetic code, always resides with the board.

Financial Crises

All three facilities were affected by financial crises. Centre B and centre C experienced periods of severe financial duress. Centre A was indirectly affected by parent A's financial crisis and the financial crises of organizations providing its seconded staff.

The financial crisis at centre B occurred shortly after executive director 1B's departure. Though the departure of a charismatic leader is often a threat to organizational stability this was not so in the case of centre B. There was no drastic decline in revenues due to executive director 1B's departure. Its fundraising strategy was not dependent on executive director 1B's personality. The crisis was the direct result of funds being mismanaged. Centre B did not raise sufficient funds to fulfill its commitment to the shared cost programs in which it participated. This created a situation where the agency had to pay staff without having the funds available to do so.

The situation was further exacerbated by the fundraising strategy employed by centre B. It relied on bingo and Nevada revenues, United Way funding, and government grants and contracts. Centre B found itself in a

conundrum when Nevada revenues declined, a new government slashed funding to non-profit organizations and to accommodate the increase in underfunded organizations that resulted, its number of bingo nights were cut. Since the majority of its revenues were generated through only a few sources, changes to two of its three primary donors created financial instability. Centre B was greatly affected by environmental changes. Extrapolating from Panebianco's work on political parties, we can see that its fundraising strategy lead to a low degree of autonomy.

It is worth noting that the board was unaware of this impending crisis and remained uninformed until executive director 2B, executive director 1B's replacement, told them of the situation. The board did little once they did know. They expected executive director 2B, as the new executive director, to resolve it. When she was unable to do so, the board, which was legally responsible for the drop-in centre, did not step in and take over. This was in keeping with the secondary role played by the board in the past. This response was similar to the board response at centre C when it was unable to pay executive director 1C. The board did not have a solution, and so it continued with its existing plan of action. In the case of centre B, this meant waiting for its executive director to resolve the situation.

In all fairness the lack of participation by the board at centre B can also to some degree be attributed to both environmental factors and its board composition. The shift in the provincial political climate that cut funding to non-profit organizations created havoc for centre B's board members. Furthermore, the board of directors at centre B consisted of individuals from other agencies. Government cutbacks created financial crises for these agencies. Board

member loyalties rested first with their own agencies. Hence, their energies were consumed with their own financial crises. Board members were not in a position to expend the necessary energy to take control of the situation. In other words, though their lack of participation in the resolution of the problems at centre B is consistent with past conduct, the impact of environmental factors on the situation cannot simply be dismissed. This, in conjunction with the board composition meant centre B was dependent on one sector for its executive support. Environmental changes to that sector contributed to board inaction. Together with the limitations of its fundraising strategy, these were responsible for the low degree of autonomy at centre B.

The financial crisis at centre C also occurred shortly after the departure of its director. Surprisingly, his departure is cited as the primary cause for it. Though executive director 1C's charisma failed to earn him any special privileges within centre C, it affected his ability to fundraise. As "Mr. Centre C" donors gave gladly to executive director 1C. Many who supported centre C did not renew their support when he departed. Hence, when executive director 1C left, centre C experienced a dramatic decline in revenue. The board underestimated the impact of executive director 1C's charisma in securing and retaining donors. Therefore, they were unprepared for the fall out executive director 1C's departure would have on centre C's finances.

In part, the financial situation at centre C was exacerbated by the salary structure executive director 1C fought to implement. The structure worked well for him, but others had difficulty raising the necessary funds. Consequently, upon his departure, the board had to assume full responsibility for raising the necessary support to pay all its staff, including his replacement.

Fortunately, at the time of executive director 1C's departure the board was in the process of expanding and finessing its multifaceted fundraising approach. Unfortunately, projects in the works were not developed to the point where they could have averted the financial crisis. Within months administrator 1C and the board developed several differing approaches and incorporated them into centre C's existing strategy. These developments helped resolve the crisis and eventually brought greater financial stability to centre C.

The board could not have done much to prevent the effect of executive director 1C's departure. But, because it had retained control over fundraising practices, dealing with the fallout from executive director 1C's departure was not as difficult as it might have been. The board was able to maintain its established behaviour pattern and resolve the financial crisis. Unlike centre B, the board at centre C did not routinely rely on its executive director to resolve problems.

Theoretically, the diverse fundraising strategy at centre C ought to have hindered the loss of one revenue source from greatly affecting its overall financial situation. However, centre C had come to rely more heavily on one revenue generating source than on any other. Unfortunately, that source was executive director 1C. The board's ability to limit the effect of his charisma at the organizational level did not extend beyond this realm. It is interesting that, though inadvertently, executive director 1C's charisma directly effected the centre's financial stability. It is somewhat ironic that his departure would create greater financial havoc for centre C than would executive director 1B's leaving. It was executive director 1B after all who enjoyed many of the perks associated

with charismatic leadership and not executive director 1C. Lastly, in comparison to centre B, the multifaceted fundraising approach at centre C provided it with greater financial stability. Its decision to concentrate its efforts in the Christian community, forgoing government and other agency support as well as bingo's and lottery tickets, yielded a broader, more stable donor base. This donor base enabled centre C to resolve its financial crisis within months while centre B continued to flounder.

Centre A was fortunate not to experience a financial crisis of its own. However, a financial crisis at parent A did affect how the centre was staffed. Supervisor 3A was terminated, but by this time he spent little time at the centre. Therefore, his presence was inessential to its everyday operation and his departure had only a minimal impact on how the centre functioned. Interestingly, the frontline workers at the drop-in centre were involved with this decision. They lobbied to keep their jobs on the grounds that supervisor 3A was seldom at the facility. Once again a crisis situation occurred at centre A. This time, however, staff were motivated to influence the decision making process. Their involvement altered the outcome of parent A's decision. Their ability to do so implies that during periods of crisis those at the drop-in centre level can affect change.

Among the organizations studied charisma appears to directly affect an organization's development when the charismatic individual is part of the founding elite and when she/he enjoys board support. When these two criteria do not exist, as in the case of centre C, charisma may indirectly create problems, but its influence on an organization's longterm development is limited. As Zald (1965) illustrates, it is possible to affect change at the board

level during periods of duress. This indicates that executive director 1C's ability to bring about change at the board level was not the result of his charisma. It was merely a consequence of the situation at the time. At centre A, staff were able to influence which employees were terminated. They were not able to impact the decision to cut or maintain staff. Similar to the former situation, the decision was made by the board of directors at parent A (Zald:1969,109).

The operation of the centre was more greatly affected by funding cuts to those organizations providing seconded staff. Funding cuts to these organizations resulted in staffing cuts to centre A. This is worth noting to illustrate that centre A was not only financially dependent on MCSS, administratively dependent on its parent organization, but, also dependent on others for a large portion of its actual programming. Centre A lacked autonomy in all three key areas affecting its performance and survival.

Furthermore, though centre A did not experience a financial crisis this does not mean that it could not happen at a later date. Should centre A lose its MCSS funding the centre would likely close. Since the centre does no fundraising of its own, other than for youth trips, its staff is paid by MCSS to provide a service (not fundraise), and programs administered by parent A which lose their primary funding source are cut, centre A's chances of survival are minimal.

In sum, in all three cases in response to financial crises were made at the board level. Parent organization A's board decided to cut staff hours at centre A. The board at centre C decided to continue with its present course of action. The board at centre B decided, much to executive director 2B's displeasure, that

it was the responsibility of the executive director to resolve the financial crisis. The solutions were all different but consistent with past behaviour patterns.

Discrepancies between centre C and centre B are more pronounced because of their genetic codes. These divergences can be correlated to how power was originally exercised within each organization. The board at centre C has always maintained control over the centre. The board at centre B, however, has always expected its executive director to run the operation. The only variances in their respective genetic codes was executive director 1B's position as a founding member and board expectations. In this case, the presence of charisma must be taken into account.

The degree to which charisma and personality affected the development patterns of each of the three drop-in centres is of particular interest. Charisma tends to be an influential factor primarily when the charismatic individual is part of the organization's elite and when he/she enjoys board support. When these other two criteria were not present charisma did not affect the organizational development path. This is supported by the fact that during periods of crisis those at the drop-in level regardless of whether they possessed charisma, were able to affect change. The ability to do so was likely a result of the crises and not solely a product of individual personality (Zald:1965). This does not mean that in all other cases charisma has no effect on the organization. As the case of centre C illustrates its presence can complicate situations organizationally and financially.

The variations in the roles played by each of the drop-in centres with regards to fundraising is also revealing. Centre A was completely dependent on the Ministry of Community and Social Services and its parent for its survival.

Its lack of autonomy made it highly susceptible to environmental factors beyond its control. The fundraising strategy at centre B was more diverse. Yet, its donor base remained small. Hence, it too was susceptible to environmental factors beyond its control, but to a lesser degree than centre A. The diverse strategy employed by centre C focussed on building a donor base that would be minimally affected by environmental factors and would have little effect on how the organization was run. It focussed on the Christian community to ensure that its Christian principles would not be compromised. Furthermore, its strategy was designed to build upon its existing donor base. In comparison to the other two, these two factors provided it with the greater degree of autonomy vis-a vis its environment and the ability to define its own development path.

Lastly, the differences herein were revealed by applying Panebianco's genetic model and comparing and contrasting the varying development paths of the three drop-in centres studied. Literature focussing on behavioural trends in non-profit organizations was then used to analyze where organizational behaviours diverged from Panebianco's model. Together these two approaches yielded a more expansive understanding of each development path and its respective potential for autonomy. As such, I submit, that this combined approach can provide an alternative method for assessing organizational behaviour in non-profit organizations.

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